GLOBAL GOVERNANCE 2025:
AT A CRITICAL JUNCTURE

National Intelligence Council
European Union Institute for Security Studies

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Global Governance 2025: At a Critical Juncture

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PREFACE

The United States' National Intelligence Council (NIC) and the European Union's Institute for Security Studies (EUISS) have joined forces to produce this assessment of the long-term prospects for global governance frameworks. This exercise builds on the experience of the two institutions in identifying the key trends shaping the future international system. Since the mid 1990s, the NIC has produced four editions of its landmark ***Global Trends*** report. The most recent one, ***Global Trends 2025: A Transformed World***, published in late 2008, noted that momentous change was ahead, with the gap between increasing disorder and weakening governance structures widening. The EUISS produced the first EU-level report on the factors affecting the evolution of the international system in 2006, ***The New Global Puzzle. What World for the EU in 2025?*** The report stressed that a multipolar system is emerging and that matching the new distribution of power with new rules and institutions will be critical to preserving international peace and stability.

The US and the EU do not always see eye to eye on every issue on the international agenda, but they share fundamental values and strategic interests to an extent not matched by any other partners in the world. Transatlantic agreement is no longer enough to effectively manage global challenges. Doing so will require renewed efforts to address governance gaps and strengthen multilateralism, in partnership with other pivotal centers of power and with the international community at large. This report provides an informal contribution to an important international debate on the way forward for global, regional, and bilateral institutions and frameworks to meet emerging challenges. It is not meant as an exhaustive report card evaluating the performance of individual institutions. While not being policy prescriptive, the report shares a strong belief—as exemplified by multilateralist approaches of the US and EU governments to resolving global problems such as the recent financial crisis—that global challenges will require global solutions.

The report does not seek to examine all the various challenges likely to require multilateralist efforts, but rather highlights several important governance gaps. We therefore do not go into depth on proliferation or cybersecurity—which we believe are receiving greater attention. Instead, we focus on such issues as intrastate conflict, resource management, migration, and biotechnology. Although recognized by many as ongoing challenges, we believe the long-term impact of these issues on the strength of the international order has not been fully appreciated.

Global Governance 2025 is the result of an inclusive process, enriched by wide-ranging consultations with government officials; as well as business, academic, NGO, and think tank leaders; and media representatives in Brazil, China, India, Japan, Russia, South Africa, and in the Gulf region (the UAE). The diversity of the comments and insights, which we have included in the body of the text, testifies both to the richness of the debate and to the difficulty of reconciling different interests and standpoints when reforming global governance. A number of experts, acknowledged elsewhere, have contributed to the success of this project and to the high quality of this report. The Atlantic Council of the US and the Transatlantic Policy Network have been partners in supporting the project. NIC Counselor Mathew Burrows and Giovanni Grevi from the EUISS have steered this process and took charge of drafting the bulk of the report. Their work has set an excellent example of cooperation in delivering joint analysis and achieving a largely shared perspective.

The ***Global Governance 2025*** project is innovative in many respects. This is the first time the NIC has jointly developed and produced an unclassified report with a non-US body. ***Global Governance 2025*** provides an important step with a view to future joint projects on matters of common interest.

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EXECUTIVE SUMMARY

Global governance—the collective management of common problems at the international level—is at a critical juncture. Although global governance institutions have racked up many successes since their development after the Second World War, the growing number of issues on the international agenda, and their complexity, is outpacing the ability of international organizations and national governments to cope.

With the emergence of rapid globalization, the risks to the international system have grown to the extent that formerly localized threats are no longer locally containable but are now potentially dangerous to global security and stability. At the beginning of the century, threats such as ethnic conflicts, infectious diseases, and terrorism as well as a new generation of global challenges including climate change, energy security, food and water scarcity, international migration flows, and new technologies are increasingly taking center stage.

Three effects of rapid globalization are driving demands for more effective global governance. ***Interdependence*** has been a feature of economic globalization for many years, but the rise of China, India, Brazil, and other fast-growing economies has taken economic interdependence to a new level. The multiple links among climate change and resources issues; the economic crisis; and state fragility—"hubs" of risks for the future—illustrate the ***interconnected nature*** of the challenges on the international agenda today. Many of the issues cited above involve ***interwoven domestic and foreign challenges***. Domestic politics creates tight constraints on international cooperation and reduces the scope for compromise.

The shift to a ***multipolar world*** is complicating the prospects for effective global governance over the next 10 years. The expanding economic clout of emerging powers increases their political influence well beyond their borders. Power is not only shifting from established powers to rising countries and, to some extent, the developing world, but also toward nonstate actors. Diverse perspectives and suspicions about global governance, which is seen as a Western concept, will add to the difficulties of effectively mastering the growing number of challenges.

- ***Brazilians*** feel there is a need for a redistribution of power from developed to developing states. Some experts we consulted saw Brazil tending to like "old fashioned" multilateralism, which is state-centered and does not make room for nonstate actors.

- Many of our ***Chinese*** interlocutors see mounting global challenges and fundamental defects in the international system but emphasize the need for China to deal with its internal problems. The Chinese envisage a "bigger structure" pulling together the various institutions and groups that have been established recently. They see the G-20 as being a step forward but question whether North-South differences will impede cooperation on issues other than economics.

- For participants from the ***Persian Gulf region***, the question is what sort of global institutions are most capable of inclusive power sharing. They bemoaned the lack of strong regional organizations.

- The ***Indians*** thought existing international organizations are "grossly inadequate" and worried about an "absence of an internal equilibrium in Asia to ensure stability." They felt that India is not well positioned to help develop regional institutions for Asia given China's preponderant role in the region.

- ***Russian*** experts we consulted see the world in 2025 as still one of great powers but with more opportunities for transnational cooperation. The Russians worried about the relative lack of "transpacific security." The United States, Europe, and Russia also have scope for growing much closer, while China, "with the biggest economy," will be the main factor in changing the world.

- The ***South Africans*** assessed that globalization appears to be strengthening regionalization as opposed to creating a single global polity. They worried that the losers from globalization increasingly outnumber the winners.

In addition to the shift to a multipolar world, power is also shifting toward ***nonstate actors,*** be they agents or spoilers of cooperation. On a positive note, transnational nongovernmental organizations, civil-society groups, churches and faith-based organizations, multinational corporations, other business bodies, and interest groups have been equally, if not more effective than states at reframing issues and mobilizing publics—a trend we expect to continue. However, hostile nonstate actors such as criminal organizations and terrorist networks, all empowered by existing and new technologies, can pose serious security threats and compound systemic risks. Many developing countries—which are likely to play an increasing role at the regional and global level—also suffer from a relative paucity of nonstate actors, that could help newly emerging states and their governments deal with the growing transnational challenges.

Global governance institutions have adapted to some degree as new issues have emerged, but the adaptations have not necessarily been intentional or substantial enough to keep up with growing demand. Rather, they have been spurred as much by outside forces as by the institutions themselves.

The emergence of ***informal groupings*** of leading countries, such as the G-20; the prospects for further regional cooperation, notably in East Asia; and the multiple contributions of nonstate actors to international cooperation—although highly useful—are unlikely to serve as permanent alternatives to rule-based, inclusive multilateral institutions. Multilateral institutions can deliver public goods that summits, nonstate actors and regional frameworks cannot supply, or cannot do so in a reliable way. Our foreign interlocutors stressed the need for decisions enjoying universal legitimacy, norms setting predictable patterns of behavior based on reciprocity, and mutually agreed instruments to resolve disputes and redress torts, such as in trade matters.

We assess that the multiple and diverse governance frameworks, however flexible, probably are not going to be sufficient to keep pace with the looming number of transnational and global challenges absent extensive institutional reforms and innovations. The capacities of the current

institutional patchwork will be stretched by the type of problems facing the global order over the next few decades.

Numerous studies indicate the growing fragility of many low-income developing states and potential for more conflict, particularly in cases where civil wars were never fully resolved. Internal conflict or collapse of large populous states on the scale of an Ethiopia, Bangladesh, Pakistan or Nigeria would likely overwhelm international conflict management efforts. Afghanistan, with approximately 28 million people, and Iraq, with 30 million, are among the most populous conflict management cases ever attempted, and they are proving difficult.

Regional organizations have performed comparatively few large-scale operational responses to fragile states requiring humanitarian and peacemaking help. Although we can expect increased political and economic engagement from rising powers—in part a reflection of their increasing global interests—emerging powers have deep-seated concerns about the consequences of the proactive management of state fragility.

Prevention, for example, often can require direct political intervention or even the threat or use of military force as a last resort. Efforts to prevent conflict have often been slowed by reluctance and resistance to intervene directly, potentially overriding another country's sovereignty. Many experts in emerging states thought their governments probably would be particularly leery of any intervention if it is driven by the "West."

Another cluster of problems—the management of energy, food, and water resources—appears particularly unlikely to be effectively tackled without major governance innovations. Individual international agencies respond to discrete cases, particularly humanitarian emergencies in individual countries. However, no overall framework exists to manage the interrelated problems of food, water and energy. The stakes are high in view of the impact that growing scarcities could have on undermining the open international system. Resource competition in which major powers seek to secure reliable supplies could lead to a breakdown in cooperation in other areas. Moreover, scarcities are likely to hit poor states the hardest, leading in the worst case to internal or interstate conflict and spillover to regional destabilization.

Other over-the-horizon issues—migration, the potential opening of the Arctic, and risks associated with the biotechnology revolution—are likely to rise in importance and demand a higher level of cooperation. These issues are difficult ones for multilateral cooperation because they involve more preventive action. Under current circumstances, greater cooperation on those issues in which the risks are not clear-cut will be especially difficult to achieve.

Potential Scenarios

Throughout the main text, we have sprinkled ***fictionalized*** scenarios that could result if, as we believe likely, the multiple and diverse governance frameworks struggle to keep pace with the looming number of transnational and global challenges. The scenarios illustrate various permutations that could happen over the next 15 years. The following summarizes what we see as the principal potential trajectories of the international system as it tries to confront new challenges. We believe the risks of an unreformed global governance system are likely to

cumulate over time. Crises—so long as they are not overwhelming—may actually spur greater innovation and change in the system. Inaction over the long term increases the risks of a complete breakdown.

Scenario I: Barely Keeping Afloat
In this scenario, seen as the most likely one over the next several years, no one crisis will be so overwhelming as to threaten the international system even though collective management advances slowly. Crises are dealt with ad hoc and temporary frameworks or institutions are devised to avert the most threatening aspects of them. Formal institutions remain largely unreformed and Western states probably must shoulder a disproportionate share of "global governance" as developing countries prevent disruptions at home. This future is not sustainable over the longer term as it depends on no crisis being so unmanageable as to overwhelm the international system.

Scenario II: Fragmentation
Powerful states and regions try to wall themselves off from outside threats. Asia builds a regional order that is economically self-sufficient. Global communications ensure globalization does not die, but it slows significantly. Europe turns its focus inward as it wrestles with growing discontent with declining living standards. With a growing work force, the US might be in a better position but may still be fiscally constrained if its budgetary shortfalls and long-term debt problems remain unresolved.

Scenario III: Concert of Europe Redux
Under this scenario, severe threats to the international system—possibly a looming environmental disaster or a conflict that risks spreading—prompt greater cooperation on solving global problems. Significant reform of the international system becomes possible. Although less likely than the first two scenarios in the immediate future, such a scenario might prove the best outcome over the longer term, building a resilient international system that would step up the level of overall cooperation on an array of problems. The US increasingly shares power while China and India increase their burden sharing and the EU takes on a bigger global role. A stable concert could also occur incrementally over a long period in which economic gaps shrink and per capita income converges.

Scenario IV: Gaming Reality: Conflict Trumps Cooperation
This scenario is among the least likely, but the possibility cannot be dismissed. The international system becomes threatening owing to domestic disruptions, particularly in emerging powers such as China. Nationalistic pressures build as middle-class aspirations for the "good life" are stymied. Tensions build between the United States and China, but also among some of the BRICs as competition grows for secure resources and clients. A nuclear arms race in the Middle East could deal an equally destabilizing blow to prospects for continued global growth. Suspicions and tensions make reforming global institutions impossible; budding regional efforts, particularly in Asia, also are undermined.

Contents

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The following institutions, their directors, and participating staff were gracious in hosting us for major seminars and, in many cases, inviting other experts in their countries and regions to the meetings:

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- **Pretoria:** Institute for Security Studies.
- **Brasilia:** Secretaria De Assuntos Estrategicos (SAE).
- **Sao Paulo:** Instituto Fernando Henrique Cardoso.
- **Moscow:** Institute of World Economy and International Relations (IMEMO).

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INTRODUCTION

Global governance—the collective management of common problems at the international level—is at a critical juncture. Although global governance has been a relative success since its development after the Second World War, the growing number of issues on the international agenda, and their complexity, is outpacing the ability of international organizations and national governments to cope. Power shifts are also complicating global governance.

"There has been unprecedented increase in the speed of movement of goods, people, and communications. This has led to new problems and inadequacy of international paraphernalia inherited from the 20th Century."

Former Senior Official,
Government of India

Some progress has been made to adjust international institutions and regimes to meet the new demands and to create workarounds, if not new frameworks. Such efforts are unlikely to suffice, however. If global governance structures and processes do not keep up with the changes in the balance of power in the international system, they run the risk of becoming irrelevant. Emerging powers are suspicious of current institutional arrangements, which appear to favor established powers. Without adequate frameworks to bring order to an international system in flux, disorder could prevail, fueling greater instability. The mix of old and new challenges generates new requirements for collective problem-solving: more international cooperation and innovative approaches. Much will depend on leadership and political will.

The term ***"global governance"*** as used in this paper includes all the institutions, regimes, processes, partnerships, and networks that contribute to collective action and problem solving at the international level. This definition subsumes formal and informal arrangements as well as the role of nonstate actors in transnational settings. Regional cooperation may also be regarded as an element of global governance insofar as it contributes to broader efforts. Governance differs from government, which implies sovereign prerogatives and hierarchical authority. Global governance does not equate to world government, which would be virtually impossible for the foreseeable future, if ever.

International Institutions in the Late 20th Century

Preserving international peace and security was the central preoccupation of the architects of the post-World War II United Nations system. The UN Security Council engaged all major powers of the time in this undertaking; UN peacekeeping operations continue to be deployed to monitor peace agreements and ensure stability after civil wars. Bretton Woods institutions were set up to help maintain financial and monetary stability and to foster the reconstruction of war-torn economies, against the backbone of the US dollar as the international exchange and reserve currency. Both sets of institutions have had their share of problems but have made substantial contributions in the post-Cold War period.

Although the Cold War was punctuated by numerous smaller proxy wars led by the two superpowers and some brutal conflicts occurred, no large-scale conflicts rivaling the first or second World Wars have broken out since the formation of the UN in 1945. Millions of people continue to be affected, but conflicts have declined in number. Faced

with the danger of nuclear war and proliferation, nuclear and non-nuclear states struck a global contract to stop the spread of nuclear weapons—the Nonproliferation Treaty—and the United States and Russia negotiated several treaties to delimit and reduce their respective nuclear arsenals and weapon systems.

On the economic front, trade liberalization under the GATT and the WTO provided another global public good in the shape of increasingly low tariffs and open markets, enhancing shared prosperity and preventing protectionism from generating political confrontation.

Over time, our expectations have continued to grow as the scope for cooperation has expanded, especially in view of the push provided by globalization to growing interactions. Individual agencies focused on specific problems have been a growing feature of global governance. As a result, the problems of "span of control," increasing "stovepipes," and "lack of strategic oversight" have come increasingly to the fore as major challenges to ensuring effectiveness in the system.

CHAPTER 1:
EXPANDING AGENDA STRETCHING INSTITUTIONAL CAPACITIES

With the emergence of rapid globalization, the risks to the international system have grown to the extent that formerly localized threats are no longer locally containable but are now potentially dangerous to global security and stability. At the beginning of the century, threats such as ethnic conflicts, infectious diseases, and terrorism as well as a new generation of global challenges including climate change, energy security, food and water scarcity, international migration flows, and new technologies—are increasingly taking center stage. Although some of the emerging issues have been debated in multilateral forums for over 20 years, such issues have taken on new importance in a globalized world because of the potential for more widespread disruption.

- This decade opened with the attacks on the Twin towers in New York as well as the Pentagon—bringing transnational terrorism to the fore of the international agenda. The danger of proliferation and use of nonconventional weapons took on new urgency. Peace operations evolved to include broader mandates such as tackling the root causes of conflict.

- Climate change has trespassed the boundaries of environmental politics to become the subject of the global political, economic, and security debate and a new focus of multilateral cooperation cutting across these and other domains.

- The nascent recovery from the recent economic crisis has highlighted the importance of developing countries—particularly China—to restarting the global economy with many Western countries lagging behind.

- In part owing to the rise of economic powerhouses China and India and their growing appetites for energy and other commodities, energy politics and other resource issues are taking an increasingly pre-eminent place in international affairs.

- Biotechnologies and nanotechnologies bear much potential both for progress, for example in the health sector, and for unprecedented risks, if diverted for criminal purposes. Genetic modifications raise profound ethical questions even while breakthoughs are likely to be critical for societies struggling with resource issues such as food and aging populations.

Complex Risks Driving Demands for Global Governance

The cumulative impact of emerging issues as well as longstanding ones is transforming the scale and nature of the challenges facing the international community. Three features of rapid globalization are driving demands for more effective global governance: deepening interdependence, interconnected problems, and the mingling of domestic politics with international issues. At the same time, fast technological progress alerts civil society bodies, such as NGOs, to new challenges and to the need for cooperation and enables them to play a stronger role.

"What worries me is that you see a more chaotic world and less capable US. There are centrifugal forces pulling apart the nations of the world… Resource constraints will have huge implications for global society… The trainwreck is right ahead of us..."

US Think Tank Participant

Interdependence has been a feature of economic globalization for many years, but the rise of China, India, Brazil, and other fast-growing economies has taken economic interdependence to a new level. The off-shoring of production and business services from advanced to emerging countries, and increasing economic exchanges within the

latter group, has markedly diversified trade and investment patterns and resulted in value chains spread across different countries and continents. The accumulation of huge foreign currency reserves by emerging powers, notably China, has corresponded to the ballooning debt of deficit countries, in particular the United States. Emerging economies financed spending by the United States on their own exports. Among other factors, such a structural imbalance produced the severe financial crisis that flattened growth, cut credit, and curbed private spending in the developed world. The monetary and fiscal policies of the United States, China, and the EU, among other economic powers, have become more intertwined. The coordination of macroeconomic measures is imperative to sustain global recovery.

"Climate change is an issue of international security—a threat multiplier…The core challenge is that it not only threatens us environmentally but also that it will exacerbate conflicts over resources, water shortages, and diminishing food stocks."

Administrator, European Parliament

The multiple links among climate change, the economic crisis, and state fragility—"hubs" of risks for the future—illustrate the ***interconnected nature*** of the challenges on the international agenda today. Problems can trigger each other with a cascading effect as shown, for example, by the potential impact of energy prices on the prospects for economic recovery. The interconnection of various problems is likely to generate new challenges and make traditional ones harder to manage because of their increasing complexity.

- Growing energy demand translates into higher food prices. Concurrently, climate change threatens agricultural output in many poor countries with expanding populations, compounding their fragility.

- Technological developments and geopolitical instability require additional focus on the protection and resilience of the electronic and energy infrastructures underpinning advanced societies.

- Concerns regarding the security of energy supply, but also demand, may result in policy choices that undermine both the environment and investment. Reliance on domestic reserves of fossil fuels or long-term access to foreign fields makes investment in renewables less attractive and compounds the growth of greenhouse gas emissions. Price uncertainty depresses investment in exploration and transit infrastructures, possibly paving the way to supply shortages over the next decade.

Many of the issues cited above involve ***interwoven domestic and foreign challenges***. The roots of the financial crisis, for example, included internal and external factors. National policies prone to encourage loose credit and spiraling private debt under little supervision have been enabled by capital flows from emerging economies. Following the crisis, the management of ballooning public deficits and debts in some advanced countries as well as measures to increase domestic demand in China and other emerging economies are matters for domestic political decisions with huge global implications.

Climate change is another example of an issue involving domestic and international priorities. The national energy and environmental policies of big emitters such as China and the United States, but also the EU, directly affect the international community, given their disproportionate contribution to

the global stock of greenhouse gases in the atmosphere and the variation of climate change patterns, with dire consequences for the most exposed countries.

Domestic politics creates tight constraints on international cooperation and reduces the scope for compromise. This was the case, for example, at the recent Copenhagen summit on climate change where domestic politics constrained the positions of a number of participants on reducing emissions. On a different matter, China's pervasive priority of domestic economic development, which has been largely export-led, limits its willingness to allow for an appreciation of Chinese currency to help rebalance its trade relations with the US and the EU. The tightening of political control on Russia's largest energy companies as well as broader concerns regarding rule of law and security of investment within the country undermine the strengthening of the EU-Russia energy and economic partnership.

"The central challenge for most countries in their engagement with new forms of global governance is not how to replace the state in international politics, but rather how states regain their regulatory role."

South African Think Tank Participant

Projected sluggish economic growth in advanced countries over the next few years, paralleled by aging populations, suggests that public attention may become increasingly introverted. Under such circumstances, the public would be focused on jobs and welfare, with little room for longer term needs such as managing diverse societies, environmental sustainability, or equity and legitimacy at the international level. Many experts see nationalism and xenophobia on the rise in Russia and China; EU countries and the US are not immune from that either. Such tendencies contribute to making national positions in multilateral forums less accommodating. This may trigger a vicious circle of ineffective global governance, diverging perceptions, and angered national public debates fueling each other.

Scenario I: Barely Keeping Afloat

In this scenario, which is probably the most likely over the next several years, no one crisis will be so overwhelming as to threaten the international system even though collective management advances slowly. Crises are dealt with ad hoc and temporary frameworks or institutions are devised to avert the most threatening aspects of them. Formal institutions remain largely unreformed and Western states probably must shoulder a disproportionate share of "global governance" as developing countries prevent disruptions at home. This future is not sustainable over the longer term as it depends on no crisis being so unmanageable as to overwhelm the international system.

SCENARIO I

BARELY KEEPING AFLOAT

Excerpts from a long-running World Economic Forum-sponsored blog

Posted 3/3/12: Remember when "black swans" were all the rage? We have not had as many disasters as some predicted—but why? Is it perception? Are we more agile? Or were the predictions off? Or a combination?

Posted 3/4/12: Don't count your chickens before they hatch! It's too early to be so confident. There's been a lot less risk-taking since the financial crisis. And the series of mini-disasters and near misses has strengthened defenses. The cyclones in the Bay of Bengal have meant we now have a world action plan for Bangladesh . . . but a lot of things could still go terribly wrong.

Posted 9/15/14: I don't usually believe in grand bargains, but I think we're witnessing one with the agreement worked out by the UN Security Council with Iran. No one saw it coming last year. But the change in Iran swept out the old government. It reminds me of the fall of the Soviet Union. Few saw that coming, though it was clear in hindsight. We may be looking to a honeymoon period in international relations when there can be a lot more cooperation. The interesting thing about the Iranian developments is that even if the political turnabout of the Iranian Government was necessary, the agreement still would not have happened without the deft intervention by some of the emerging powers in the G-20. In that vein, it showed that the G-20 had really come of age and could work with the UN.

Posted 5/15/17: Did you hear about the military incident between China and Vietnam in the South China Sea? It looks like they both suffered casualties. Had the UN Secretary General not jumped on the plane, it could have been much worse.

Posted 5/17/17: Yeah, I worry about the repercussions for multilateral cooperation. We were about to see the UN Security Council dramatically transformed for the first time since its founding, but it now looks like Japan's and India's prospects for permanent UNSC membership are on hold, if not dashed. Both Tokyo and New Delhi look like they are taking the side of Vietnam. What happened to developing states sticking together? The dispute also questions the theory that resource wars won't happen. I guess Vietnam and the rest of Southeast Asia got fed up with China . . .

Posted 5/20/17: India has just come out with a full-scale condemnation of China and expects the US and Europe to back it.

Posted 5/21/17: This is not the time to provoke China, either, with the Party unable to restrain rising nationalism.

Posted 5/22/17: Many developing states feel that China has turned its back on them . . . It is not clear where the US stands or whether it can bring the two sides together. Talk about an era of bad feelings . . . everything has been affected—from trade to the competition over resources . . .

Posted 5/23/17: Look on the bright side. Oil exploration in the Arctic is beginning to pay off. We worried a decade ago about a Russia growing more hostile. The financial crisis led to Russia opening up; it needed Western technology to exploit the riches of the Arctic and now that is slowly coming to fruition.

Posted 12/1/20: I'm preparing for my Davos panel on the future of the international system . . .

Posted 12/2/20: Tell them, given the continuing tensions in Asia, we're just keeping our heads above water . . .

Posted 12/3/20: But we haven't done too badly: no nuclear war, Iran was settled, and there is a lot more stability in the Middle East . . .

Posted 12/4/20: But Asia has yet to come off the boil, not to speak of the last Failed States Index . . . did you see? Years of chattering on security and development and ten countries in Africa are still on the verge of implosion, full of youngsters and short on jobs, and we put our heads in the sand. This multipolar world is just a lot more difficult to manage.

Posted 12/5/20: You're right . . . our resilience has been more a matter of luck . . .

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CHAPTER 2:
POWER SHIFTS COMPLICATING GLOBAL GOVERNANCE

The shift to a multipolar world is complicating the prospects for effective global governance over the next 10 years. In the second part of the last century, the United States shaped an international order that largely reflected its liberal worldview of free markets and democracy. The United States oversaw provision of global public goods such as monetary stability and open trade routes. In particular after the end of the Cold War, the EU has sought to export its model of regional integration and sovereignty-sharing and has devised a distinctive discourse on global governance and priorities.

"At issue…it seems to me, is less the risk of conflict, but the danger of a loss of coherence and direction in the international system while the redistribution of power plays itself out."

European Think Tank Participant

Today, the legitimacy and credibility of the US and the EU as political leaders is openly questioned by other rising power centers and large swathes of the international community. This is partly due to their perceived shortcomings in providing the public goods they guaranteed before the shift to a multipolar world, such as economic stability, and to the view that their positions on issues such as trade and climate change are unfair to the interests of others. At the same time, the expanding economic clout of emerging powers increases their political influence well beyond their borders. It can be argued that alternative definitions of modernity are taking hold. The virtues of open capital markets are less than universally shared, and even on the trade front, industrial policy appears more in vogue, particularly in emerging economies. Far more states matter in the international system today. Many of these states, which differ widely in terms of their economics and ideologies, are indispensable to solving international problems.

"The Western approach to global governance, with the US and the West as the center and creator of laws and rules, diminishes the readiness of others to cooperate."

Russian Think Tank Speaker

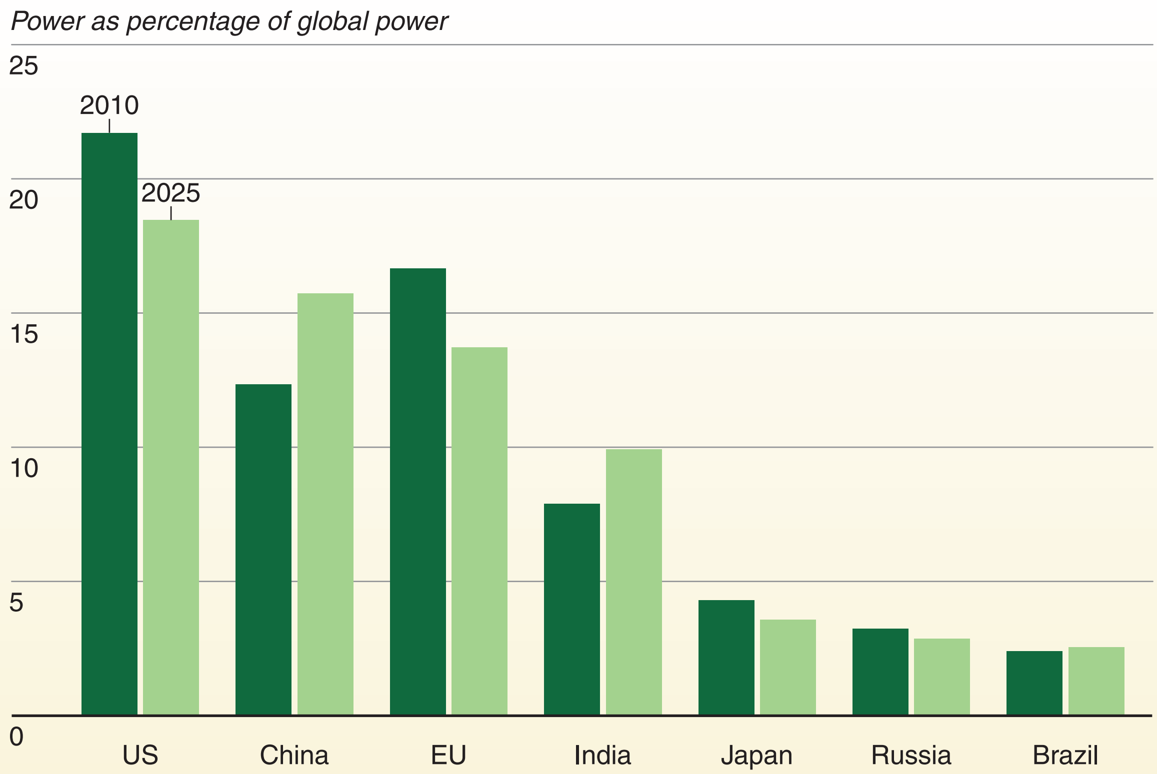
Power is not only shifting from established powers to rising countries and, to some extent, the developing world, but also toward ***nonstate actors,*** be they agents or spoilers of cooperation. On a positive note, transnational nongovernmental organizations, civil-society groups, churches and faith-based organizations, multinational corporations, other business bodies, and interest groups have become increasingly active in framing policy and generating public interest and pressure. However, hostile nonstate actors such as criminal organizations and terrorist networks—all empowered by existing and new technologies—can pose serious security threats and compound systemic risks.

In addition, state-owned and state-controlled companies and sovereign wealth funds, particularly those of China and Russia, are likely to play a growing role in global governance. These actors do not fit neatly into traditional categories as they are driven by a mix of political and economic considerations.

Will Multipolarity Enhance or Erode Multilateralism?

In the emerging multipolar system, pivotal global and regional actors have different views on sovereignty, multilateralism, and legitimacy, often stemming from distinctive historical experiences. Addressing such

NEW INTERNATIONAL LINEUP IN 2025?



The relative political and economic clout of many countries will shift by 2025, according to an International Futures model measuring GDP, defense spending, population, and technology for individual states.

Source: International Futures model.

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"Global governance requires giving over significant sovereignty to others—that is the view in China…So far, sovereignty is the number one priority, but China has to balance sovereignty and international responsibility. When China thinks its sovereignty is guaranteed, it will go ahead to work with other countries. There is no doubt."

Chinese Think Tank Expert

diverse perspectives will be critical to fostering international cooperation in a number of domains.

There is a risk that the potential competition of diverse priorities within regional or global institutions will alienate important actors and drive negotiations to gridlock in multilateral institutions.

Sovereignty is alive and kicking, according to many of the experts we encountered. The

way the renewed emphasis on sovereignty will unfold in the next decade will have serious implications for global governance. The extent to which power should be delegated to international bodies and for what purposes will be debated. The question of whether and, if so, under what conditions the international community or international institutions can challenge or override the authority of a state in its internal affairs will also come to the fore.

The EU is the most advanced experience to date of voluntary sharing of sovereignty in a unique experiment of regional integration which has largely succeeded in including post-Communist systems into the larger regional order. Most other key global actors are reluctant to delegate regulatory powers, let alone assign jurisdiction, to an international body, or to share sovereignty under majority decision-making. While their domestic political systems widely differ, the United States, Russia, China and India, among others, share an ingrained suspicion of global governance mechanisms that could impinge on their sovereignty. Their positions, however, vary depending on the issue.

On balance, major powers subscribe to advanced forms of international cooperation and supervision that they regard as embodying their interests or, at least, not directly affecting them. Nuclear weapon states are comfortable with the intrusive powers of the IAEA to inspect the nuclear facilities of non-nuclear weapon states. However, countries are reluctant to endorse rules constraining their behavior in areas of comparative advantage or strong competition, such as energy policy or bans on specific types of weapons. ***Such a selective approach is, however, running into trouble because those powerful enough to try to opt out are growing more numerous.***

In a more heterogeneous international system, the question is how to reconcile the interests and perspectives of major powers and groupings of smaller countries in ***multilateral frameworks*** and regimes. Participants felt a needed precondition is for all the stakeholders to trust the system, commit to collective action, and accept stronger prerogatives of international institutions over their domestic governance, where need be.

"We have a major concern that the new organizations do not replicate the unrepresentativeness of the past."

Brazilian Senior Official

Divergence on ***values or principles*** also will affect the prospects for multilateral cooperation. For example, although the positions and the policies of the US and the EU do not always coincide, the aim of promoting democracy and supporting human rights, core values to their domestic political regimes, broadly informs their foreign policies. Major powers such as China and Russia, with considerable support from a number of emerging and developing countries, take a more relative reading of human rights and are uncomfortable with the bashing or sanctioning of brutal regimes. India, the biggest democracy in the world with a political tradition of non-alignment and a significant nationalist strand to its foreign policy, as well as Brazil, are cautious not to appear as exporting their values and interfering with the domestic affairs of other countries.

Over the next decade, balancing such different perspectives with the imperative for cooperation, including on matters of peace, stability, and security, will pose a key challenge to states and governance frameworks alike. New ways of cooperation will need to be explored, according to our interlocutors, but there are some indications

World Views of Global Governance

Diverse perspectives and suspicions about "global governance"—seen as a Western concept—will add to the difficulties of effectively mastering the growing number of challenges, in the view of our interlocutors from the countries listed below. (See Annex A for further discussion.)

Brazil. North-South relations and the need for redistribution of power from developed to developing states remain central to the Brazilian outlook on international affairs. Experts saw Brazil tending to like "old fashioned" multilateralism, which is state-centered and does not make room for nonstate actors. Nevertheless, the issues connected with global governance are beginning to gain prominence in Brazil, spurred in part by public debates over climate change.

China. Many Chinese saw mounting global challenges and "fundamental" defects in the international system but emphasized the need for China to deal with its internal problems. The Chinese envisage a "bigger structure" pulling together the various institutions and groups that have been established recently. They saw the G-20 as being a step forward but questioned whether North-South differences would impede cooperation on issues other than economics.

India. The Indians thought existing international organizations are "grossly inadequate" and worried about an "absence of an internal equilibrium in Asia to ensure stability." They felt that India is not well-positioned to help develop regional institutions for Asia given China's preponderant role in the region. Some feared that a system developed by the "West"—which includes democracy and rule of law—would suffer as the "East" becomes more powerful.

Japan. Many Japanese saw the governance gap as more about political leadership than "form or structure." Several questioned whether formal institutions, with their huge bureaucracies, are effective. At the same time, the Japanese felt the G-20 needs stronger political cohesion. Most emphasized the need to boost national and regional means before reforming international organizations. Many were concerned about the lack of regional frameworks—particularly for hard security—in East Asia but argued that Japan should take a more proactive role toward regional cooperation.

Russia. Russian experts saw the world in 2025 as still largely one of "great powers," although some expected the influence of multinational businesses to increase and opportunities for greater transnational cooperation. The Russians worried about the relative lack of "transpacific security." The United States, Europe, and Russia also have scope for growing much closer, while China, "with the biggest economy," will be the main factor in changing the world.

South Africa. The South Africans assessed that globalization appears to be strengthening regionalization as opposed to creating a single global polity. They worried that the losers from globalization increasingly outnumber the winners. The G-20 has little African representation. For Africans, the UN remains the global institution with the only "legitimate credential." Some interlocutors were wary of China because in their view it is interested only in African resources.

UAE. For participants from the Persian Gulf region, the key question was what sort of global institutions are most capable of inclusive power sharing. They bemoaned the lack of strong regional organizations. A framework or institution is needed to bring together the "rights" of energy producers with those of consumers. Several felt let down by lack of support from the West on democratization.

of greater burden sharing by emerging powers. Many of the emerging powers are interested in international and regional stability to better pursue their own development. For example, while India, Pakistan, and Bangladesh have long been among the top troop contributors to UN peacekeeping, the involvement of China and Brazil in these operations is growing. These and other emerging powers may come to play a key role in UN-mandated multilateral interventions to preserve stability and build lasting peace in conflict areas.

Managing differences to foster cooperation leads to addressing the tension between inclusiveness and effectiveness in multilateral frameworks. This goes to the heart of the ***legitimacy question, which held sway as the most important issue for greater multilateral cooperation in our discussions with emerging power elites.***

"We need 'politics of inclusion' of the weak not just the powerful."

Participant from the Persian Gulf Region

Achieving a fair and equitable distribution of burdens and responsibility probably will become more contentious in the foreseeable future, according to many participants. Because some major emerging powers (China and India) are relatively poor countries in per capita terms, diverse domestic priorities generate different assessments of fairness and equanimity. This is already apparent in negotiations between developed and developing countries over climate change and trade.

Scenario II: Fragmentation

Powerful states and regions try to wall themselves off from outside threats. Asia builds a regional order that is economically self-sufficient. Global communications ensure globalization does not die, but it slows significantly. Europe turns its focus inward as it wrestles with growing discontent over declining living standards. With a growing work force, the US might be in a better position but probably would continue to struggle with similar issues, particularly if its fiscal problems remain unresolved.

SCENARIO II

FRAGMENTATION

FT.com

Financial Times op-ed entitled,
"Crying Over the Gs," published March 12, 2023

The Gs are almost a distant memory. The G-20 ended badly, and for the first time the United States, Canada, and the Europeans have given up on the G-7. "What's the use?" they ask. The new powers won't play even if the transatlantic partners can get their act together—which is rare these days. The political mood is indeed very sour. This began several years after the Great Recession when it became apparent that it would take a long time before the West dug itself out and got back on a reasonable growth trajectory. US-Chinese ties took a big tumble as Beijing put off again and again a decision on allowing its currency to appreciate. It was never the right time. The US Congress started taking actions against Chinese imports. The US-China strategic and economic dialogue was suspended. G-20 meetings became less frequent. It was always going to be hard to negotiate a follow-on to Kyoto, but the strains within the G-20, especially between the Chinese and the United States, made it virtually impossible. China put more energy into developing regional ties, but its rivalry with India made even that difficult. Trade within Asia has continued to expand. India and China are major trading partners now, offsetting some of the decline in Chinese commerce with the US and Europe.

There was no explosive tearing asunder of transatlantic ties, just the relentless drifting apart that finally undermined the alliance. Europe has been increasingly focused inward after the prolonged Eurozone crisis of the 2010s. Many in the US thought Europe's slow recovery was one reason for the United States' tepid growth. More importantly, the US sought more military help in Afghanistan which the Europeans could not give. Personal animosities crept in. The last G-8 summit came to a screeching halt when two of its leaders got into a shouting match over the seating arrangements at the final dinner, symptomatic of what had been a long period the rising transatlantic tensions.

Does all of this matter? There's no easy answer. Perhaps it is too early to tell. The Gs never had any real power. Many outsiders thought they should not have any power at all. Diplomats complained about all the preparation necessary for what were in some cases long-winded statements at the end of G summits that did not always lead to concrete actions or improvements. A lot of the "unwashed" non-Gs thought the Gs were trying to usurp the UN's role. The Gs were a bit like old boys' networks—undemocratic and incestuous. We will miss them and at some point they will have to be reinvented, although it will take a major crisis that hits everybody to bring that about. But now the international system is slowly unwinding.

We're not yet back in the 1930s, bracing for global conflagration. The growing protectionism is more subtle. Doha has been definitively shelved so there is no forward movement. More sectors are deemed "strategic," requiring some sort of protection. Although all states are interested in energy efficiency, major concerted steps toward carbon cuts are on hold even though there is more evidence of climate change. The UN calculates a tenfold increase in environmental migrants over the past five years. Militancy is growing among disaffected groups in India and China while terrorists have stepped up their plotting against the West. Without a stronger international order, I worry about a nuclear arms race in the Middle East and South Asia. Those two areas are not "self-governing" and need outside help to contain or dampen the potential for conflict and regional conflagration. I have no doubt that the United States and the Europeans will mend fences once the crisis breaks, but it may be too late. At that point will they be able to do anything without the help of the new powers?

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CHAPTER 3:
SOME SUCCESS IN ADAPTING

Multilateral institutions have adapted to some degree as new issues have emerged, but the adaptations have not necessarily been intentional or substantial enough to keep up with growing demand. Rather, they have been spurred as much by outside forces as by the institutions themselves.

While multilateral institutions have been struggling to adapt, innovative approaches to global governance have been coming to the fore. Three innovations are of particular interest as pointers for future developments: the emergence of informal groupings of leading countries, such as the G-20; the perspectives for further regional cooperation, notably in East Asia; and the multiple contributions of nonstate actors to international cooperation.

All three developments originated from outside global multilateral institutions, whether they were triggered by governments or civil society, and whether their scope is global or regional. In some cases, innovative approaches stem from dissatisfaction with the relative inertia of traditional frameworks or with their perceived Western bias. Such approaches often involve "lighter" forms of cooperation than the highly legalized regimes inherited from the 20th century: consultation replaces regulation, codes of conduct prevail on binding norms, regional initiatives escape lengthy debates in multilateral forums, and national prerogatives trump international authorities in implementing and overseeing agreements.

Innovative approaches to global governance are developed through trial and error. Some of these experiments will not stand the test of time, but on the whole ***they expose a fundamental trend toward looser, more flexible, ad hoc and sometimes more accountable forms of cooperation. Such approaches typically develop in response to a shifting international system.***

These innovative approaches cannot serve as alternatives to rule-based, inclusive multilateral institutions. Multilateral institutions can deliver public goods that summits, nonstate actors and regional frameworks cannot supply, or cannot do so in a reliable way. These are, chiefly, decisions enjoying universal legitimacy, norms setting predictable patterns of behavior based on reciprocity, mechanisms for implementation and for overseeing national measures and, in some sectors, instruments to resolve disputes and redress torts, such as in trade matters. As the international system grows more diverse and potentially more fragmented, the supply of these public goods will become more important.

"My preliminary conclusions: Addressing different issues with the same mechanism does not work—we need different mechanisms for different problems. For some challenges, we need a combination of bilateral, regional, and global responses with a division of labor."

Chinese Expert

Looking ahead, neither traditional frameworks nor new forms of cooperation are likely to solve global governance problems exclusively. However, the two forms of global governance can complement one another, according to many of our interlocutors. The former will struggle to deliver without serious reform; the latter will likely prove unsustainable or unreliable if disconnected from the bedrock of multilateral bodies in terms of norms, institutional experience, and resources.

In practice, effective cooperation among institutions has been the exception and not the norm. A crisis such as an environmental

catastrophe or the implosion of a large failed state could spark cooperation, but a reactive approach to such extreme contingencies probably would prove inadequate.

"The global financial and systemic nature of the crisis has compelled unprecedented government responses in scope, speed, and novelty. We had global crisis-management governance."

European Expert

Progress in setting up a global governance system that draws on the added value of different bodies and networks in a coherent way will depend on three factors: a shared knowledge of the issues to be confronted and their connections to other challenges; innovation at the interface between old and new, formal and informal, governmental and nongovernmental, and global and regional governance frameworks; and an acceptable balance between effectiveness and inclusiveness.

Informal Groupings

The proliferation of regular summit-level meetings held ***outside global or regional institutions*** is a key feature of recent global governance innovation. Informal groupings such as the G-8 and the G-20 have already significantly affected global governance, with an emphasis on the networked coordination of national policies and on deliverables. The decisions of such forums as the G-8 and the G-20 are of a political nature and non-binding. Thus they are unlikely to sideline the UN and Bretton Wood institutions as frameworks for decisionmaking and rule-setting. Nevertheless, these formats are experimenting with new ways of managing shared challenges in a more diverse world, suggesting interesting avenues for further innovation.

Following the establishment of the G-7 in the mid-1970s and of the G-8 in 1998, new groups have been set up in the last few years in response to pressing issues on the international agenda. The G-20 is the most noticeable innovation because of the breadth of its membership and the scope of its agenda. The Major Emitters Forum, set up in 2007 and renamed the Major Economies Forum (MEF) in 2009, deals with climate change. The leaders of the BRIC emerging economies met in Russia in 2009 and in Brazil in 2010 and have announced that they will meet in China in 2011.

Over the medium term, the role of the G-8 is likely to be circumscribed to sectoral issues, where the small club of like-minded countries can bring added value if they are prepared to mobilize their resources. More generally, the G-8 could remain a useful platform, among others, to elaborate ideas and bring them to larger tables, such as the G-20. It could also do so by engaging countries on targeted initiatives, provided that these are closely linked to the agenda of multilateral institutions and of groups such as the G-20. In time, this may also become the principal contribution of the BRIC countries' format to deliberations in broader frameworks. So far, BRIC summits have been more noticeable for opposing existing norms than for proposing new ones and reaching out to other major actors. Given the different foreseeable economic and political trajectories of the BRIC countries over the next two decades, however, the durability of this grouping remains to be tested.

As informal groupings evolve, the main risk to be averted is the creation of different formats that mirror competing geopolitical coalitions. Such a development would defeat much of the basic purpose of summit diplomacy. The development of the 'Gs' responds to two basic needs: First, the need to foster collective leadership to jointly

address shared problems outside the constraints imposed by formal multilateral structures, and second, the need to reflect the changing balance of world power. As the world grows more heterogeneous, the two basic rationales behind the 'Gs' may or may not prove mutually reinforcing. The clash of informal groupings or stable coalitions in sector-specific negotiations such as climate change and differences on how to consolidate global economic recovery expose the tension between the shared commitment to problem-solving and the co-existence of different political priorities and agendas.

Under these circumstances, cohesion within each grouping and coherence between them are essential conditions for their effectiveness. Both requirements can be promoted by stronger coordination, both at the national and at the trans-governmental level, between the 'sherpas' preparing the various summits, to ensure the consistency of national positions in different formats.

"There is institutional Darwinism and we will see the survival of the fittest institution."

European Expert

The performance of the 'Gs' will largely depend on their ***relations with formal multilateral structures***. Informal groupings may be increasingly called upon to set the tone and direction of international cooperation on important global issues and to serve as top-level international agenda-setting bodies, as the G-20 did in coping with the fallout of the financial crisis. The G-20, for example, called upon the IMF and the World Bank to advise on the summits' priorities, monitor relevant national policy measures, and develop targeted initiatives to lend financial support to countries in need or to enhance food security. Informal groupings also can become connectors between different frameworks. In the energy sector, the G-20 has encouraged closer cooperation between a variety of institutions including the International Energy Agency (IEA), OPEC, OECD, and the World Bank. In addition, summit decisions can spur institutional reform. The G-20 has triggered the transition from the Financial Stability Forum to the Financial Stability Board and has sustained momentum for the incremental reform of the IMF.

Informal groupings such as the G-8 have proved flexible and proactive in ***expanding their original purview***. The agenda of the G-20 has also expanded since 2008, with the Pittsburgh summit agreeing on a "framework for strong, sustainable and balanced growth." A debate is under way regarding whether the G-20 has a vocation to enlarge its remit further, becoming a sort of informal global governance "hub." According to many observers, the G-20 would suffer from a ***"capacity deficit"*** in dealing with a larger agenda. The G-20 infrastructure is not considered robust enough to sustain the stronger flow of information and exchanges that would occur with a greatly expanded agenda and is not structurally connected to competent bodies at the national level. However, as issues become more challenging or crisis-driven common interests may expand beyond facilitating an economic recovery, requiring the G-20 to expand its agenda further.

When informal groupings are too small, such as the G-8, their ***legitimacy*** is contested. The limited membership of informal groupings entails that deliberations involve fewer countries than those affected by them. This is regarded with suspicion by the vast majority of developing countries and regional powers not engaged in the proceedings. When informal groupings are relatively large, like the G-20, doubts are raised regarding their ***internal cohesion*** and their ability to reach

agreement and deliver results—yet their legitimacy remains challenged by those states inevitably left on the outside.

Options we heard to improve the 'Gs' decisionmaking process include strengthening the teams of sherpas assisting political leaders, setting up support units—perhaps focusing on specific issues and embedded in existing multilateral bodies—and enhancing cooperation between successive annual presidencies. Longer yearly meetings could be held between national leaders themselves, giving them the opportunity to debate issues in depth and finalize agreements not only on guiding principles but also on concrete instruments and arrangements, where action often falls short of statements.

"Instead of looking at what G-20 will look like in 2025, we should ask what will make it credible and legitimate…how do you ensure that voices outside the G-20 are heard while also not slowing its ability to make decisions? To what extent has the G-20 championed the interests of the low-income and developing countries? I don't think so far that it has."

South African Expert

Growth of Regionalism

No comprehensive trend can be detected toward deepening regional governance structures. However, some progress toward closer cooperation at the regional level has been achieved over the last decade in regions as diverse as South America, Africa, and most notably, East Asia. It is doubtful, however, whether increased regional groupings in the next decade or two will be able to deal with mounting ***global*** challenges, compensating for lack of updated and reformed global governance institutions.

Regional cooperation is likely to make some further strides due to a mix of factors. First, there is growing dissatisfaction with the performance of global governance institutions as either ineffective or carrying political agendas not fitting distinctive regional contexts, or both. Second, relative power is shifting at the regional level as well. Pre-eminent actors such as China, Japan, or Brazil have chosen to invest into regional cooperative frameworks to manage political differences and confirm their leadership. Third, the global financial crisis has impacted all global regions and amplified both the suspicion of external interference in regional affairs and a sense of self-reliance to address economic and political challenges.

Regionalism could bring an important contribution to managing shared challenges at the local and regional levels and beyond. Regional governance arrangements are closer to the sources of the problems to be tackled, be they security crises, economic disparities, or trans-regional threats. Neighboring countries are directly affected by threats stemming from respective regions, such as drug trafficking or state failure, and might develop a sense of solidarity in addressing them. National leaders may be more familiar with one another than in global platforms and regional instruments may be mobilized faster than those of larger multilateral organizations. In practice, however, cooperation has fallen well short of its potential in most regions. (See Annex B for further discussion.)

Renewed interest in regional solutions in response to economic and political turbulence could, however, create new momentum behind regional arrangements and enhance their effectiveness. If so, the key question is whether regionalism will prove to be a building block of global governance or a drain on it. In the former case, regional cooperation would be complementary to and compatible with broader multilateral agreements, for example in the field of peacekeeping. However, the political capital and resources available for international cooperation are

scarce. In the latter case, the investment in regional cooperation might detract from the ambition to strengthen global governance frameworks, for example, in trade matters. In turn, this could lead to economic and political fragmentation between different regions.

Contrary to the experience of the European Union, regional cooperation has so far not resulted in a significant pooling or delegation of sovereignty. In fact, most regional frameworks uphold the principle of non-interference in the internal affairs of member states. It follows that common institutions are relatively weak. Regional cooperation dynamics, notably in East Asia and South America, reflect the increasingly pivotal position of major regional powers and the extent to which their leadership is accepted, contested, or feared. State-led projects mostly lag behind the initiative of private actors. Business has often played a pioneering role in weaving a dense web of economic links at the regional level, including when political relations are strained. This can contribute to building trust and create incentives to forge ahead with regional cooperation. At the same time, the benefits may disproportionately accrue to the biggest economies in respective regions.

"We need to reinforce regional institutions, especially in Asia."

Chinese Think Tank Expert

A new phase of ***East Asian*** regionalism may be dawning. Although growing nationalism may serve as an eventual brake, experts we consulted thought both regional heavyweights—China and Japan—and the members of ASEAN will increasingly favor regional cooperation as the framework within which to resolve disputes and manage interdependence. ASEAN has developed over decades a distinctive style of regional cooperation based on a low level of institutionalization, a non-intrusive agenda, informality, permanent consultation, and aversion to conflict. From an economic and political standpoint, Asian interlocutors saw China's centrality to the region as growing.

In what has been defined as a "paradigm shift," Japanese interlocutors have acknowledged the need to adjust to the new regional context and some envisage a sort of "look West" policy, turning Japan's focus from its US ally in the Pacific to mainland Asia. Our interlocutors were somewhat dubious that the bilateral alliance between Japan and the US will prove compatible with deepening multilateral frameworks in East Asia, which may not include the United States.

Contrasting trends indicate potential for either regional cooperation or fragmentation in ***South America***. The region is diverse, with different states following disparate economic policies and political trajectories. Countries such as Chile, Peru, and Colombia have been pursuing economic liberalization and bilateral trade deals with the United States and, increasingly, China. The countries of the Bolivarian Alliance, led by Venezuela, have engaged in ideological competition not only against US influence in the region but also toward Brazil and others that have engaged in economic globalization.

At the same time, South America is relatively stable, countries face common transnational threats such as drug trafficking, and all would benefit from better transport and energy infrastructures to boost trade and investment and harness their natural resources. Brazil is the only country with the critical mass to build on these assets and address economic asymmetries and political fragmentation with a view toward deepening regional cooperation. Some of our interlocutors thought Brazil has been punching below its weight in the region and has no strategy for

playing a leading role, despite its rapid rise. Others saw Brazil outgrowing its neighborhood and increasingly focused on enlarging its role in global vice regional forums. Recent initiatives, such as the launch of the Common Market of the Southern Cone (UNASUR) in 2008, however, indicate some ambition to play a greater regional role.

Unlike in East Asia and South America, no ***African*** country has sufficient influence and resources to steer regional cooperation at the continental level. South Africa has been playing a key role by its involvement in the creation of the New Partnership for Africa's Development, in the shift from the Organization for African Unity to the African Union (AU) in 2002, and in the establishment of the African Peace and Security Architecture (APSA). However, Africa is too big and diverse for a single regional leader to emerge. Instead, it was argued that the domestic evolution and foreign policy priorities of a handful of key countries such as the Democratic Republic of Congo, Egypt, Ethiopia, Nigeria, and South Africa, among others, will be decisive for the future of the continent.

Prospects for regionalism in Africa depend on a combination of factors besides the leadership of major regional players. Crisis management and peace-building activities would greatly benefit from better cooperation among the AU, sub-regional organizations, and the UN. From this standpoint, regionalism in Africa is likely to draw on global governance tools and resources. Greater development of home-grown civil society organizations attuned to transnational needs would contribute to forging more effective regional networks on such issues as climate change and resource management.

Long described as marginalized in the context of economic globalization, Africa is today central to the competition for resources and markets (and even for land) among major global players. Such renewed centrality could encourage coordination and cooperation at the regional level in dealing with external partners. However, perhaps more likely, it could also contain the seeds of more fragmentation, with different countries reaping the benefits of bilateral deals outside regional arrangements.

Nonstate Actors Step Up to the Plate

The experts we consulted felt that global challenges cannot be effectively tackled by individual states acting alone. Likewise, transnational challenges cannot be addressed by governmental actors on their own. Governments often lack the expertise, resources, and legitimacy to address issues that affect a much wider range of stakeholders. Nonstate actors are playing a central role both on the "demand" and "supply" sides of global governance. They contribute to setting the international agenda and are essential participants in implementing solutions.

The engagement of nonstate actors is critical given the complexity of the risks facing the international community and multilateral frameworks. Challenges such as climate change, pandemics, or the proliferation of sensitive materials and technologies require flexible responses to a fast-changing agenda as well as capacity-building.

"Increasingly nonstate actors act as policy generators and are directly involved in decisionmaking and implementation of policy."

European Expert

The range of nonstate actors contributing to global governance is heterogeneous, including transnational nongovernmental organizations (NGOs), networks of experts, and civil-society groups as well as multinational

Role of Mass Communications

New technologies, such as the Internet, empower individuals and groups and enable nonstate actors to coordinate actions across national boundaries. As one participant stated,

"The Internet is an enabler, it gives the weak a chance to do things they could not do before. That creates a kind of power shift."

In the global health arena, for example, the exposure by Chinese medical practitioners via the Internet of provincial governments' efforts to hide the spread of SARS in 2002-2003 led Beijing finally to take action against the virus. During the color revolutions and more recently in Iran, democratic pressure groups used the Internet to organize mass demonstrations. Equally, the spread of mass media in regions—largely rural—that historically have been cut off has increased pressures on government for better governance—particularly at home. As a conference participant put it,

"To predict the future, you need information and technology, but many people in the world don't have these tools. We need to get people the tools so they will have a stake in the future and policy."

Wider public participation through mass communications also has been important in putting greater emphasis on transparency—honest and open transactions—generating pressure on governments. Governments' efforts to adapt and be more transparent have, in fact, fed the desire for greater participation. Experts on modern diplomacy recently noted that in a globalized world the instruments of power themselves have taken on a different relative strength, with persuasion and legitimacy requiring as much attention as military, economic, and political weight.

corporations and business coalitions. Private philanthropy, often associated with business and civil society initiatives or to public authorities, has made an important difference in areas such as health and education.

Hybrid, public-private partnerships (PPPs) have been emerging as an important feature of global governance innovation, notably in the field of sustainable development. The relevance of PPPs is likely to grow in as they reach out to multiple stakeholders.

The mass communications revolution—notably the invention and increasing widespread use of the Internet—probably has been the most important vehicle spurring the expanded role of civil society groups and public opinion at large in agenda-setting for governance issues.

"When the Soviet Union collapsed, people said we had only one superpower, but we had two: the US and international public opinion."

Economist from a Dubai Think Tank

As the scope of transnational challenges has widened and figured more highly on the international policy agenda, nonstate actors have been at the forefront, pushing on institutions to adapt. They have been equally, if not more effective than states at ***reframing issues and mobilizing publics***—a trend we expect to continue. The International Criminal Court (ICC) and Landmines Ban Treaties were both led by civil society actors, supported by like-minded states. The action campaigns behind these measures bypassed UN machinery and opposition by the United States, China, and Russia. In the realm of global health, a combination of states and nonstate actors caused a veritable revolution, with initiatives leading to the Global Fund to Fight AIDS, Tuberculosis, and Malaria and

new global governance regimes such as UNAIDS, involving NGOs. Philanthropic foundations such as those led by Bill and Melinda Gates have made a key contribution in this context. Transnational advocacy and pressure groups have been instrumental in building and keeping momentum behind other major governance initiatives, such as the Millennium Development Goals launched in 2000.

"Maybe we are seeing a shift that is not geographical but horizontal—we are seeing the emergence of a global management elite and wondering what that means for the future of liberal democracy."

South African Participant

In addition to their role as agenda-setters, nonstate actors are essential ***sources of knowledge and expertise***. The International Panel on Climate Change (IPCC), an intergovernmental scientific body gathering the contribution of thousands of scientists worldwide to assess the evolution and impact of climate change, is perhaps the most prominent case in point. Expertise will become more salient in all fields of international policymaking, from managing the implications of technological innovation to food and resource scarcity—issues that require ongoing monitoring. Scientific advice is vital in the field of public health. For example, the WHO has created the Global Outbreak Alert and Response Network, a web of over 140 scientific institutions in over 60 countries, mandated to detect and respond to the outbreak of epidemics, alerting national and international bodies. Insights and knowledge, often coming from nongovernmental sources, are also central in the domains of peace and security, where NGOs with vast field experience fuel decisionmaking through their insights and play a key role in conflict prevention and peace-building.

Gathering and sharing knowledge is the basis for setting international norms and standards. International organizations' efforts to create standards and rules are increasingly complemented or paralleled by codes of conduct from the private sector and civil society. Multi-stakeholder cooperation, engaging business, NGOs, and public institutions, is a growing feature of international standard-setting. Important initiatives have been undertaken, for example, to enhance transparency in sensitive sectors such as extractive industries and for commodities like coffee and cocoa as well as diamonds. In the environmental domain, certification schemes such as the Forest Stewardship Council and the Maritime Stewardship Council have broken new ground with standards adopted by nonstate actors progressively endorsed by international and national authorities.

PPPs can also focus on the implementation of broad agendas established at the multilateral level, as exemplified by the over 300 partnerships launched following the World Summit on Sustainable Development in 2002. These partnerships can help bridge the gap between global rule-making and local governance and engage a wide range of stakeholders from within and without individual countries or regions, thereby acting as catalysts of political purpose and resources.

Looking ahead, opportunities exist to ***expand the interaction between state and nonstate actors*** and enhance the performance of PPPs. First, old and new policy domains would benefit from greater engagement of nonstate actors as partners in standard-setting, monitoring, and verification and as providers of scientific advice and field experience. These include, among others, biosafety and biosecurity standards, the global health

domain at large, transfers of green technologies and of dual-use technologies, and measures to adapt to climate change as well as the management of humanitarian crises and international migration.

Second, thus far multi-stakeholder cooperation has been largely initiated, driven, and supported by governmental and nongovernmental bodies from advanced countries. This has hampered the engagement of nonstate actors and governments from developing and emerging countries. An increasing focus on local governance and the inclusion of diverse perspectives in the early stages of multi-stakeholders dialogues would ameliorate this problem.

Third, the effectiveness of self-regulation and of public-private partnership is predicated on the existence of clear guidelines and precise targets and on mechanisms for regular reporting and accountability. This will entail close interaction with public authorities at the international and national levels to formulate shared objectives and uphold viable standards.

Scenario III: Concert of Europe Redux

Under this scenario, severe threats to the international system—possibly a looming environmental disaster or a conflict that risks spreading—prompt greater cooperation on solving global problems. Fundamental reform of the international system becomes possible. Although less likely than the first two scenarios in the immediate future, such a scenario would be the best outcome over the long term. The US increasingly shares power while China and India step up their burden sharing and the EU takes over a bigger global role. A stable concert could also occur incrementally over a long period in which economic gaps shrink and per capita income converges.

SCENARIO III

CONCERT OF EUROPE REDUX

Extracts from the Final Press Conference of the International Energy Organization Summit; New Delhi, 28 November 2025.

Indian Prime Minister: *I am pleased to welcome you to the new Global India Congress Center, the largest in the world. I was honored to host this summit and I am especially grateful that so many world leaders have joined me on this stage.*

India World Service: *Excellencies, my question goes to all of you. The statement you just released says that the establishment of the International Energy Organization (IEO) in Delhi marks an historic turning point. Why is that? After many empty promises, please convince us.*

Prime Minister of China: *It is a pleasure to be here again after the second India-China Comprehensive Partnership Summit last year. Today is nothing less than historic. For the first time the entire international community has come together to agree to a single package of rules governing energy markets, transit, and investment, and to set up an organization overseeing these rules. I am proud of the role that China and its Partners of the East Asia Economic Community have played in hosting the preparatory conference to this event. Let me also take this opportunity to praise the leadership of the US Government and of the EU, which years ago sparked the whole process.*

US President: *Today matters not just because we set up a new institution but because this is the result of long years of collective leadership. You all recall where we stood in 2018, the year when the oil price broke the $300/b ceiling. Oil and gas supply could no longer cope with demand, investments had been far below what we needed since the Great Recession of 2008 and we found ourselves on the brink of a second economic crisis. Back then, my predecessor met in Brussels with the Presidents of China and Russia as well as our European allies. They agreed on a massive concerted supply of strategic oil reserves, unlocked joint finance for top investment projects, and drafted the Brussels letter to OPEC, later signed by India, Japan, and dozens of other countries. OPEC's response was swift. All of that was good, but it happened almost by chance and after dramatic events. That night, we all knew things had to change. Today, that hope becomes a reality.*

BBC: *I don't want to spoil the party but, for all the pledges to avert that, will the IEO make us even more reliant on fossil fuels? What about the Washington Agreement on emissions?*

EU President: *You have touched on a crucial point. Of course energy and climate are two sides of the same coin. In fact, I think we would not be here today without the 2020 Washington Agreement—global emissions to peak in 2025 and be halved by 2045. Yes, this took too long, but all major polluters have finally committed to binding targets to reduce the volume of their emissions and we are on track. Pressure from the ACT (Action for Climate Treaty) coalition of developing countries was critical to get there. Political momentum in the Major Economies Forum has built up for a new deal to coordinate investment in energy efficiency and renewables. The EU has pushed for a beefed up UNFCCC Secretariat to play a key convening role among the IEO, the International Renewable Energy Agency, the World Bank, and all other relevant actors to coordinate their initiatives and set joint funding priorities. This would be much more difficult without the Global Environment and Energy Monitoring System launched in Washington; it gives us a stronger basis for taking bold decisions.*

New York Times: *The Washington deal was a game-changer, but have private actors followed? Are they doing their part to mitigate climate change and uphold energy security?*

US President: *Well, most of them are. It is not that we have set the stage and others have followed. Private actors have been in the lead on many fronts. Public-private partnerships like the Energy Investment Council no doubt helped pave the way to the Washington Agreement. They showed how resources could be harnessed and channeled to sustain a green industrial revolution not only in Europe and the US but also in new giants like China and India. Business has long sought a predictable regulatory framework. Building on earlier national legislation, we achieved in Washington a transatlantic cap-and-trade system, and we will soon expand that to other partners, including India.*

Indian Prime Minister: *Nonstate actors have played a key role in facilitating technology transfers to India and many other countries from what was called the Global South. Over ten years ago the G-20 asked the WTO and the World Intellectual Property Organization to launch a multi-stakeholder process to build a legal framework for sharing green technology and promoting joint R&D. The launch of the first generation of power plants equipped with carbon capture and storage systems is an example of what has been achieved. The Smart Partnership to expand smart grids in Asia and in Africa is the next challenge. Capacity-building at the local level to implement mitigation and adaptation measures needs to speed up. But networks of officials and nonstate actors have done wonders. The impact of the floods in southern India three years ago would have been catastrophic had we not built an efficient alert system and more resilient infrastructure, including through regional cooperation.*

Arab News: *Turning to geopolitical risks, the crisis in Central Asia showed that energy security remains very vulnerable to disruptions. What is your outlook for stability in Central Asia?*

President of Russia: *In Central Asia, we have learned that all dimensions of security are connected: human security and state security; energy security and economic security. When the civil war started, oil and gas supplies from Central Asia to Russia, China, and the EU came to a halt. This precipitated the energy crisis in 2018. Neighboring countries risked contagion. We failed to prevent the crisis, but I think we did a good job in responding to the situation. We were all a bit surprised that the Shanghai Cooperation Organization, NATO, and the EU could achieve such a coordinated response in a matter of weeks, with the UNSC blessing the operation. When the UN took over, security conditions had improved. The SCO Regional Dialogue with our European and American Partners contributes to the stability of Central Asia. We also agree with our partners that governance and the rule of law are important factors for growth and stability. This is the road that we took many years ago to modernize and diversify our economy and join the WTO. Over the last 10 years, we have achieved sustained growth rates and the share of energy exports in Russia's GDP has fallen. The IEO Charter that we adopted today will provide for more accountability and predictability in the energy sector worldwide, improve the business environment, and boost economic growth.*

CHAPTER 4:
AN UNCERTAIN FUTURE

We assess that the multiple and diverse frameworks, however flexible, probably are not going to be sufficient to keep pace with the looming number of transnational and global challenges absent extensive institutional reforms and innovations. The capacities of the current institutional patchwork—however much bolstered by increasing nonstate support and regional mechanisms—will be stretched by the type of challenges facing the global order over the next few decades. Several clusters of problems—weak and failing states and resources issues—appear particularly unlikely to be effectively tackled without major governance innovations because there is no overall framework to handle them. We also cite over-the-horizon issues—migration, the Arctic, and biotechnology—that are likely to rise in importance and will demand a higher level of cooperation. The issues discussed below are difficult subjects for multilateral cooperation because they involve more preventive action, which is likely to require a shared assessment of the challenges ahead and close monitoring of the implementation of national measures. Under current circumstances, greater cooperation on those issues in which the risks are not clear-cut will be especially difficult to achieve.

"As for the future, it will not be a linear progression but zig-zags and ups and downs, probably marked by discontinuities and surprises."

Participant from the Gulf Region

Weak and Failing States[1]

Numerous studies indicate the growing fragility of many low-income developing states and potential for more conflict, particularly in cases where civil wars were never fully resolved. Although globalization—particularly the rise in commodity prices—has provided increased benefits, it has also increased pressures as income disparities have widened within and between countries. The birth rates in many of these countries remain relatively high, increasing pressures on what are in many cases the countries' limited resources. Poverty and weak economic links to the global system are often combined with weak governance and unresolved ethnic or tribal divisions.

"Some think we have the perfect storm of climate change, resource scarcity, and economic growth that carries with it changing lifestyles and greater resource consumption…"

Senior Research Fellow, EU Institute for Security Studies

Climate change studies indicate growing environmental pressures hitting many of the lowest income countries particularly hard. Experts believe the risks are especially high and growing for armed conflict and increased instability in Africa, South and Central Asia, and the Middle East. Studies show that states neighboring weak or failing ones—many of which are also struggling—also bear many of

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[1] We relied on published works from the University of Maryland's Center for International Development and Conflict Management Center and the Stockholm International Peace Research Institute (SIPRI) in developing the analysis in this section on state failure and civil conflict. Commissioned papers from David Steven (Riverpath consultancy), Alex Evans (New York University), Alexander van de Putte (PFC), Professor Barry Hughes (University of Denver), and Dr. Bates Gill (SIPRI), provided additional insights for this section as well as later sections on resource issues (food, water, and energy) and over-the-horizon issues.

the spillover effects from weak and failing states, increasing the risks of their succumbing to failure. Internal conflict or collapse of large populous states on the scale of Ethiopia, Bangladesh, Pakistan, or Nigeria[2] would likely overwhelm international conflict management efforts, given the difficult challenges posed by smaller countries such as Sudan or Somalia. Afghanistan's 28 million and Iraq's 30 million are among the most populous cases ever attempted, and they are proving difficult.

Regional organizations have done comparatively little in terms of large-scale operational responses to fragile states. Aside from NATO and the EU, a partial exception is the African Union's limited but brave initial response in Darfur before the larger joint UN/AU efforts. ECOWAS has played an important but relatively brief role in rapid response in West Africa. ASEAN has no peacekeeping capacity, and the League of Arab States' only official peacekeeping operation was cover for large-scale Syrian intervention in Lebanon after the conclusion of the Ta'if Accords.

The response to Afghanistan has driven a new evolution, namely the creation by ISAF members of substantial bilateral development and civilian operational arms. So far, these efforts have been more aspirational than actual. Experts see weaknesses in the bilateral capacities: they are less well-coordinated than the panoply of UN agencies and lack the comparative experience of effective lessons learned.

Emerging powers have played an increasing role: India is the third largest development actor in Afghanistan after the US and the EU. Brazil leads the UN peacekeeping effort in Haiti. China has chosen to expand its operational role primarily through the UN.

Prevention Particularly Difficult. High-risk situations can be anticipated with greater accuracy than before, allowing for preventive diplomatic, political, and economic responses. The UN, major powers, and regional organizations have growing expertise and success at containing such situations by brokering negotiated settlements and using peacekeepers to enforce solutions, as shown by US, European, and NATO efforts in the Balkans.

Prevention often requires direct political intervention or even the threat or use of military force as a last resort. Efforts to prevent conflict have often been slowed by the international community's reluctance to intervene directly, potentially overriding another country's sovereignty. As a result, conflict has often only been stopped after a significant amount of bloodshed has already occurred. Many experts in emerging states thought their governments probably would be particularly leery of any intervention if it is driven by the "West" and not mandated by the UN Security Council under Chapter Seven.

A joint initiative by the Brookings Institution and New York and Stanford Universities on Russian, Chinese, Indian, and South African approaches to fragile states found there are deep-seated concerns within emerging powers about the consequences of the proactive management of state fragility. These countries are wary of the internationalization of conflicts in their neighborhood. Yet their fears of internationalization are balanced by their fears of the consequences of failure. The researchers on the project argue that the

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[2] All these populous countries are listed among the world's most vulnerable and fragile countries across five major risk assessment projects, including the Brooking Institution's Index of State Weakness; Carleton University 's Country Indicators for Foreign Policy Fragile States Index; The Fund for Peace Failed States Index; the Goldstone and Marshall State Fragility Index; and the Center for International Development and Conflict Management (University of Maryland) Peace and Conflict Instability Ledger.

eventual verdict on the interventions in past years in Iraq and Afghanistan by United States and NATO will have far-reaching impacts on how pro-active emerging powers will be when faced by future calls for intervention.

"The world will be a sad place if by 2025 we have not legalized quick military intervention for humanitarian causes in cases of failing states. We will need a new legal system for sending quickly military intervention squads to save normal human beings from what they are suffering."

Japanese Participant

Sustaining the Effort also Difficult. Over the longer run, sustained reconstruction and reconciliation after conflict lessens the risk of a recurrence of conflict. The downward trend in armed conflict that was noticeable through the early years of this century has been reversed in part because previously dormant conflicts such as those in Democratic Republic of the Congo and Somalia have resumed. Slow economic growth, badly timed international aid, and lack of attention to social reforms are key factors that lead to recurrence.

Although we can expect increased political and economic engagement from rising powers—in part as a reflection of their increasing global interests—the participation of emerging powers is likely to be on an ad hoc basis absent a more concerted multilateral framework. In many of the emerging powers, contact between personnel involved in peace operations and those leading on trade and investment is limited. This is often the case in the US and the EU as well, which hampers their efforts at stabilization and peace-building.

Interlocking Resource Issues

The need for a cross-disciplinary, systematic effort is probably most exemplified in the case of the interrelated resource issues of energy, food, and water. Individual international agencies serve to respond to discrete cases, particularly humanitarian emergencies in individual countries. No overall framework exists to manage trends interrelated scarcities in the case of food and water and increasing volatility in energy supply. Climate change also further exacerbates the looming food and water scarcities as well as injecting added urgency to the transition out of fossil into cleaner fuels.

The stakes are high in view of the impact growing scarcities could have on undermining the current relatively open international system. Resource competition in which major powers seek to secure reliable supplies could lead to a breakdown in cooperation across a broad spectrum of issues, such as trade and peacemaking. Moreover, scarcities are likely to hit hardest on poorer states, leading in the worst case to internal or interstate conflict and spillover to regional destabilization.

The global aggregate demand for grain in the coming decade (2010 to 2025) promises to be substantially increased because of the expected additional 700 million people in Asia, Africa, and Latin America; increasing dietary preferences for protein; and a high likelihood of a rise in demand for grain-based biofuel. On the supply side, global climate change trends are likely to depress agricultural productivity in some regions.

In 2010, 21 countries, accounting for about 600 million people, are assessed as either cropland or freshwater scarce, according to internationally accepted benchmarks. Current technology and input costs put these countries well beyond the realm of food self-

sufficiency. On the basis of the population growth, another 15 countries will join their ranks by 2025. By that year, 1.4 billion people are projected to live in the 36 countries that will experience cropland scarcity.

The water situation is a major driver behind food scarcity. Water use is closely intertwined with food production. Today, 40 percent of the world's food supply comes from land that is irrigated, but most irrigation is highly inefficient in water use. As population and average per capita water use have grown, the amount of fresh water withdrawn globally each year has grown too—from 579 cubic kilometers in 1900 to 3,973 cubic kilometers in 2000. Demand is projected to rise further to 5,235 cubic kilometers by 2025. Over one billion people live in areas where human use of available water supplies has exceeded sustainable limits; by 2025 this figure will rise to 1.8 billion, with up to two-thirds of the world's population living in water-stressed conditions, mostly in non-OECD countries. Climate change will compound the scarcity problem in many regions as precipitation patterns change and many populous areas become drier.

"The real question is whether scarcity problems lend themselves to global governance. My view is that they do not. The competition for scarce resources will continue. China will not give up its quest for resources and India should not."

Indian Think Tank Speaker

Four decades of oil shocks have proved to be extremely disruptive regardless of whether countries have been oil consumers or oil producers. Examples of the various forms of disruptions include several that undermine prospects for a smooth transition to less carbon intensive fuels: volatility in prices has led to stop-and-go investments in unconventional sources and renewable and increased reliance on coal as a secure domestic source regardless of environmental consequences.

Current institutions were created to address the immediate interests of constituent countries and not the longer term interests of the global community of energy producers and consumers. OPEC represents oil-producing countries, the International Energy Agency represents oil- and gas-consuming countries and the International Renewable Energy Agency represents the producers of alternatives to oil and gas. Experts thought a governance framework that allowed for more agreement on common objectives could reduce price volatility and allow for great joint research and development in areas such as carbon capture and sequestration and other alternative technologies.

Even as supplies of essential goods such as water, food, and energy become more difficult, conflict over resources is not inevitable. There are numerous historical cases of effective preventive action, but shared awareness and frameworks—put in place before a crisis hits—are required to avert the worst-case scenarios.

"Over-the-Horizon" Issues for Global Governance

Another set of issues looms ahead on which even fewer concerted multilateral efforts have been undertaken. These include migration, the Arctic, and the biotechnology revolution.

- The peripheral role played by migration in post-World War II multilateralism is a reflection of the issue's controversial nature, rather than its lack of importance, and of the challenge any international oversight would pose to what many see as central prerogatives of the nation states—control over borders. Migration is only likely to grow as a salient transnational issue with the emerging powers becoming

increasing magnets for economic migrants.

- Climate change is only beginning to open up the possibilities in the Arctic. Regional cooperation has started, but more concerted efforts are required to control environmental risks and enhance transnational cooperation over competition.

- Like the Arctic, biotechnology is another issue that has newly arisen—in this case, because of technological innovations and the potential for those discoveries to be both exceedingly beneficial or harmful, depending on their end use. Achieving multilateral cooperation is likely to be challenging because of the number of nonstate actors needed to be involved in any efforts to regulate the booming technology phenomenon.

Migration has the potential to increase economic interdependence and to reconcile the demographic challenges faced by older and younger countries. With their fast-paced economic development, emerging states are likely to receive an increasing number of migrants attracted by the economic opportunities. However, migration also has the potential to act as a disruptive force, creating strains for globalization, and exacerbating crises caused by other factors, such as a sharp economic downturn.

As migratory flows become more complex, many countries are experiencing sudden increases in ethnic diversity; other destination countries, such as the United States, have seen such high rates of migration that their future demographic trajectory has been shifted upwards. Many developing countries, finally, have seen levels of "brain drain" running at rates that damage their economic prospects. Conversely, levels of remittances have accelerated sharply since 1990; such remittances are widely seen as among the most effective forms of "foreign" or external assistance.

"Thinking backwards from 2025 or even 2040, one of the things that will happen with radical climate change and demographic changes in Europe and Russia will be global migrations again."

South African Participant

International cooperation on migration has generally been weak, and the obstacles to greater cooperation are likely to remain considerable because of growing national sovereignty concerns. The lack of governance frameworks nevertheless means that there will be a lack of an instrument to address crises, including related humanitarian concerns. The risks of not trying to better manage migration are great, including being a potential trigger for increased transnational tensions and controversy over globalization.

Many of the key challenges will be in emerging and weaker states. Emerging markets will become significant targets for migration: their economic power has the potential to outstrip their institutional strength, leading to greater social problems as they become more diverse societies. Poorer countries, meanwhile, have little experience effectively managing major outflows of migration. Some countries already face an unsustainable loss of highly skilled workers. In many others—even the wealthier countries—the potential for tensions along ethnic faultlines will persist, if not increase, with the likely growing flows of migrants.

The potential opening of the ***Arctic*** as a result of climate change can be regarded as a test case for multilateral cooperation versus a "great game" of competition and potential conflict. Climate change and new

technologies will create more opportunities for resource exploitation and economic activities and greater potential for competition. The way in which the Arctic is managed will test the ability of states to resolve disputes over sovereignty and to enhance current frameworks of international law which apply to the sea and the seabed, as well as their determination to prevent the region from becoming over-militarized. Dealing with the range of challenges presented by the opening of the Arctic requires appropriate governance mechanisms. Given the different interests at stake, and the nature of the challenges, however, these mechanisms are likely to be more fluid and more ad hoc than an all-encompassing treaty would be.

No forum currently exists for dealing comprehensively across the scientific community, industry, and governments on measures needed to diminish the risks posed by the ***biotechnology revolution***. The development of new agents and the expansion of access to those with hostile intentions increase the bioterrorism threat. Existing biological agents such as anthrax and botulinum toxin already pose an extremely serious threat. The development of new agents with the ability to reengineer existing life forms to have an offensive capacity poses a growing challenge. Rapidly falling costs will bring biotechnology within reach of a hacker community, while the diffusion of relevant technology could lead to increased leaks of expertise and materials.

In addition, biotechnology—which the OECD thinks will potentially boost the GDPs of its members—can drive new forms of human behavior and association, creating profound cross-cultural ethical questions that will be increasingly politically contentious. Few experts believe that current governance instruments are adequate for those challenges. For example, direct modification of DNA at fertilization is widely researched with a goal of removing defective genes; however, discussions of future capabilities open the possibility for designing humans with unique physical, emotional, or cognitive abilities.

The potential for dual-use of biotechnology will make the task of regulating and controlling current and new developments an exceptionally complex one. Governments will need unprecedented capacities to reach out beyond other governments, enabling them to work with a plethora of private actors, many of whom will not be amenable to traditional regulation. Threats are also perceived differently by different governments. The poorest countries are most concerned about the current impact of infectious diseases. Richer countries are worried more about their vulnerability to new diseases or the hostile use of biological agents. Rising powers expect their future comparative advantage to lie in a sector where there are relatively few entrenched leaders, with India and China investing heavily in biotechnologies and Brazil in biofuels. They are likely to regard heavy handed international regulations as "protectionist" measures to restrain their freedom to operate.

Scenario IV: Gaming Reality: Conflict Trumps Cooperation

This scenario is among the least likely, but the possibility cannot be dismissed. The international system becomes threatening owing to domestic disruptions, particularly in emerging powers such as China. China stumbles and the global economy lapses. Nationalistic pressures build as middle-class aspirations for the "good life" are stymied. Tensions build between the United States and China, but also among some of the BRICs as competition grows for secure resources and clients. Such suspicions and tensions make reforming global institutions impossible; budding regional efforts, particularly in Asia, also are undermined.

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SCENARIO IV

GAMING REALITY: CONFLICT TRUMPS COOPERATION

In summer 2021, I—admittedly a bored diplomat—find myself sequestered for several weeks in Perth (Australia). A new outbreak of bird flu, despite the rapid quarantines put in place, has spread and closed down most major airports. I am trying to get back to Europe for my annual leave, but most connections have been cut. To while away the time, I am thinking back on world events.

The current international scene holds an uncanny resemblance to a computer game called "Peace Hero" I used to play with my son years ago. Unlike most games, this one was constructed so you earned points for finding ways to cooperate with fellow contestants, all of whom assumed roles of major countries or international organizations. The world was confronted, for example, with a pandemic—not unlike the present—and the challenge was to find which countries could provide emergency vaccines. The game actually prompted you to construct a UN Security Council resolution that would quickly be voted into action. The game was probably never a best seller, but it had intrigued me, particularly how the players perverted its intended objective.

It was as if human nature was doomed: the competitive spirit took over even though the rewards were greatest for cooperation. In one energy scenario, the contestants ended up competing over access to oil. This was despite the fact that they could opt for technological breakthroughs on alternatives and reap many more rewards. My son—who was a bit of a rebellious teenager at the time—was particularly competitive. He went out of his way not to cooperate with me.

Once the competitive juices flowed, confrontation was sure to follow. Even I had to admit that my blood would boil at times. Why couldn't my son just accept the rules laid down in the game? They were for everyone's good. A couple times, when he was playing the role of the BRIC, I thought I had him over a barrel. China's economy took a hit while the West's had finally recovered. Lo and behold, though, my son became more hostile. He said China was of no mind to be deferent given past wrongs.

I suppose he had a good case looking back on it. Nationalism has made a big comeback in the past decade. What was all that stuff we used to talk about—multilateralism, doctors without borders, the new Internet society that would bring us all together? A lot had been swept aside in the ten years since the Great Recession. The West resented the new powers as their economies continued to grow while even the US has struggled. We saw in Afghanistan where China actually reaped major economic benefits from the Allies' efforts to stabilize the country. Much of Afghanistan's mineral wealth was exploited by the Chinese, not Western firms. Such economic feats became a contentious political issue in America and led to growing US-China frictions. I am reminded a little of how the British and French felt as German power rose in the years before the First World War. Perception is a lot in these situations. It was not as if China was at all equal to the US, but Americans grew increasingly resentful of an ungrateful China not mindful of all the "public goods" which the US had provided in the world, including to help China rise.

For their part, the new powers were dismissive of what they saw as an antiquated international system no longer possessing any legitimacy—a system that did not protect them from the increasing environmental and resource problems. Food prices have soared, way beyond the 2008 "spikes." Governments—including the new rising powers—have struggled to keep supplies adequate and prices reasonable for their publics. A string of extreme weather events has added to their woes. Asian cities are particularly vulnerable to the huge tidal surges which have accompanied some of the recent cyclones. No Kyoto follow-on climate change agreement was reached in 2012. The charges and countercharges proliferated with groups hardening around the US on one side and China-India-Brazil and most of the developing world on the other. The small island states whose very existence is really threatened were left out and ignored. This alone was probably enough to sour the international atmosphere. It is no exaggeration to say we are almost at the point of daggers drawn; it would only take a minor incident to trigger a major conflict. I wonder how the game will go . . .

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CONCLUSION

Future Opportunities, but also Limits
Global governance is not slated to approach "world government" because of widespread sovereignty concerns, divergent interests, and deep-seated worries about the effectiveness of current institutions. However, enhanced and more effective cooperation among a growing assortment of international, regional, and national in addition to nonstate actors is possible, achievable, and needed, particularly to grapple with the growing interconnectedness of future challenges. Within that set of parameters, we have outlined several scenarios, none of which ensures a "perfect" world. The first (barely staying afloat) and third (concert redux) would avoid the worst outcomes through preventive action and forethought. The second (fragmentation) and fourth (conflict) are scenarios that would reverse the gains—such as reduction in extreme poverty and slowdown in large-scale interstate conflict—which we have seen over the past half century. While not the most likely, the "fragmentation" and "conflict" scenarios are not so insignificant as to be negligible in a world in which localized disruptions have global implications and preventive action is hard to organize.

The recent financial crisis has shown that a highly diverse set of countries and global and regional institutions can come together to avert what could have been another Great Depression. Many of the experts we engaged with in the emerging powers acknowledge the inadequacies in and challenges facing the global governance system. However, our discussions suggested that legitimacy—bringing multilateral institutions more in line with current power realities—has to be an objective of reform as much as dealing more effectively with "hubs" of risks for the future. From our investigations of others' views, it seems likely that the US and the EU will continue to be at the forefront of initiatives to reform and update the global governance agenda and institutions in the short term. Over time, however, we were impressed by the degree to which elites in most of the emerging powers were thinking more "globally" and preparing to take greater responsibilities. Their engagement will be critical to the success of any proposal for the adaptation and innovation of governance frameworks. Moreover, as has been the case for some time, nonstate actors are likely to continue to play a vital role in generating not only an understanding of potential problems but also solutions in any reform of the global governance system. Many of the key ingredients for improving global governance are at hand, but transforming them into both a newly effective and legitimate system is likely to be the big challenge.

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ANNEXES

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Annex A: World Views of Global Governance

In preparing this analysis, we met with government and think tank leaders; business and NGO representatives; and scholars and other experts in Japan, China, the UAE, India, South Africa, Brazil, and Russia in addition to the European Union and the United States. Below we have encapsulated the country or regional views of our interlocutors on global governance.

Brazil. Global governance has not featured very high in the Brazilian debate until recently. The dominant "matrix" of Brazil's foreign policy has been the North-South divide. This is changing largely because the country is playing a bigger role in international economics, energy, and climate change. However, Brazil will continue to look at many issues through the lens of the North-South divide and the need for redistribution of power from developed to developing states.

According to one participant, "The governance gap for Brazil is that too much power is given to developed countries at a time when developing countries are emerging." Multilateral institutions "cannot work well from Brazil's point of view if they do not recognize the role of the emerging powers." For Brazilians, the governance gap is really a legitimacy gap. Effectiveness is not just about fast decisionmaking but incorporating a broader range of voices.

Some experts noted that the Brazilian Government tends to like "old fashioned" multilateralism, which is state-centered, does not make room for nonstate actors, and where universal values such as human rights and democracy do not play a central role. Nevertheless, the issues connected with global governance are gaining prominence within Brazilian society, spurred in part by the public debates over climate change and the impact of the financial crisis. Many argued that domestic markets and regional cooperation will become more important to ensure sustained growth rates. They also noted the progressive "de-concentration" of economic power away from the United States and the discrepancy between such a power shift and the enduring role of the US dollar as global currency.

China. Chinese interlocutors recognized the growing scope of global challenges but emphasized the need for China to deal with its internal problems. Keeping its house in order is seen as a big contribution by China to global governance, at least for now. One Chinese speaker cited the need for "a balanced relationship among international governance, national governance, and local governance." Many felt that China needs to manage its domestic development in ways that are compatible with the development and security of others.

The Chinese participants stressed that trust is critical to prospects for cooperation and that it is rooted in respect for the interests of each party to a negotiation. The appreciation of respective concerns, sovereignty, and "patience" are the key principles at the basis of a sound international system, in their view.

Chinese interlocutors saw the G-20 as being a big step forward but questioned whether North-South differences would impede cooperation on issues other than economics and international finance. One said, "For developing countries, the big issues are food security and resource scarcity," not climate change. Others argued that the G-20 is essentially a "crisis management tool" which already suffers from a sense of fatigue and cannot be regarded as an alternative to the UN system.

"Be careful about the G-20—I give it at most five years' lifespan. It will suffer the same fate as other such forums. Pretty quickly sending leaders to endless summits will create fatigue."

Chinese Expert

Many Chinese interlocutors see growing convergence on "hard security" despite different perspectives on humanitarian intervention. One said, "On terrorism, there is more of a link with nontraditional security and more room for cooperation.…on piracy, most countries have common interests." Others felt that China is increasingly aware of the responsibilities that come with power. That said, approaches could differ among different global actors. In the development field, Western actors regard good governance as a precondition for sustainable development, whereas China considers economic growth as conducive to better governance over time.

Many Chinese saw "fundamental" defects in the international system. One said, "The IMF has focused on developing, not developed, economies and it should take a more balanced approach." The Chinese envisage a "bigger structure" pulling together the different kinds of institutions and groups that have been established recently.

India. Indian officials and think tank experts worried about an "absence of an internal equilibrium in Asia to ensure stability." However, they opined that India was not well positioned to help develop regional institutions for Asia given China's preponderant role in the region. Thus, India is primarily interested in transforming global governance institutions. The Indians thought existing international organizations are "grossly inadequate" to deal with mounting challenges, complaining about a "crisis of leadership." One said, "Europe is not ready to take up the mantle of leadership" and questioned whether it is a regional or a global actor.

Many experts were concerned about the future of the UN and one argued that if the reform of the UN fails the institution will progressively become irrelevant. On the other hand, doubts were expressed regarding the legitimacy of the G-20. Some felt this format would benefit from broader consultations with non-member countries to underpin its deliberations.

Many hoped the United States would continue to be "very much part of the Asian region as a political, economic, and military power." Some also feared that a system developed by the "West"—which includes democracy and rule of law—would suffer as the "East" becomes more powerful. One Indian interlocutor said, "It would be a pity if the West does not hang together to influence the future."

One expert argued that globalization may have reached a turning point. The impact of the economic crisis, ongoing turbulence in the financial markets, and resource constraints point to a possible scenario of de-globalization. Some felt that resource issues are not ripe for multilateral solutions and that India and China will continue their quest for resources. One noted that global deals are to be based on "mutuality of benefits" and questioned whether the Western approach to the climate change agenda was fair to India and other poor countries.

Japan. Many Japanese saw the governance gap as more about political leadership than "form or structure." The Japanese opined that the developing and emerging powers are still stuck in old North-South perspectives, expecting others to take on the responsibilities associated with global

challenges. This is changing, however, because of public opinion. The pressure of world public opinion had been on the United States—blaming the Bush Administration for lack of commitment to multilateralism—but is now shifting, focusing on countries like China to take more action.

Japanese interlocutors questioned whether formal institutions are still appropriate, in particular for challenges such as climate change and resource scarcity. In the energy field, the emphasis on energy independence and resource nationalism was regarded as dangerous. Instead, the Japanese saw a need to better integrate both advanced countries and new massive energy consumers like China and India in relevant international frameworks to avoid unbounded competition. Some argued that international organizations with their huge bureaucracies are ineffective. Informality—which ensures "spontaneity"—may trump formal structures in advancing solutions. One former official talked of expanding the time allotted to G-20 meetings to enable leaders to exercise leadership. Two days of meetings with only two hours allotted for each issue results in only "tinkering." Besides, "like-mindedness" in informal groupings is required to achieve results, whereas different agendas co-exist in the G-20. The Japanese were concerned that a premature institutionalization of the G-20 or the rapid expansion of its agenda could expose differences within the group.

Most Japanese participants emphasized the need to boost national and regional means while reforming international organizations. In their view, stronger regional frameworks could compensate for weaker global ones. The potential for cooperation between sub-national authorities such as cities deserves more attention too, for example on energy and the environment. Many were concerned about the lack of regional structures for hard security in East Asia, noting that Japan itself has to overcome political and legal obstacles to make a greater contribution on hard security.

The Japanese felt that quick military interventions will be needed in cases of ailing states, which international organizations are still not equipped to handle effectively. That will require renewed efforts to establish a stronger legal framework for intervention. More generally, the Japanese felt that more concrete measures should be devised to compel countries to comply with their legal obligations, for example under the nonproliferation regime.

Russia. Russian experts saw the world in 2025 as still largely one of "great powers," although some expected the influence of multinational businesses to increase and opportunities for greater transnational cooperation. Others stressed that "the state is back" and large powers are reasserting their sovereignty. The driving concept in Russia is "multilateral diplomacy,'' with great powers relations playing a central role, instead of global governance.

"… (We) cannot expect Russia to cooperate on global issues without first dealing with bilateral issues. Efforts to focus only on global issues and put aside classical state interests are unrealistic."

Russian Participant

Russian participants worried about the relative lack of "transpacific security." The Pacific region is still less governed and there is a need for a greater security framework. The United States,

Europe, and Russia have scope for growing much closer while China will be the main factor in changing the world "with the biggest economy."

Some academics we encountered worried that if Russia does not take into account the main trends of global development, Moscow's role risks being marginalized in the global order. However, many felt that Russia's modernization strategy is inconsistent and that there is little confidence among the people for things to change.

The Russians thought there was only one institution—the UN—that could engage all the key actors. In their view, the G-8 and G-20 lack legitimacy and their future is uncertain. Some experts saw the EU as serving as a model for future global governance. The European system of decisionmaking encourages pluralism and engages networks of officials and nonstate actors, thereby connecting the national and international levels of governance.

South Africa. Our South African interlocutors saw weak states as being threatened by unregulated globalization. In their view, strong states are a "prerequisite" for global governance in the absence of effective multilateral institutions. However, some noted that many states in Africa are ill-equipped to fit globalization and are likely to remain so due to demographic trends and poor governance.

"Think globally and act locally—that means a strong state. These things from global governance ultimately happen at the national and local level. The weakening of the state in Africa is a real problem."

South African Participant

Globalization appears to be strengthening regionalization as opposed to creating a single global polity. The South Africans doubted, for example, that the G-20, whose membership is much more diverse than the G-8, could operate effectively on non-financial matters. They worried that the losers from globalization increasingly outnumber the winners and cited the need to tackle this problem.

They thought Africans wanted a rules-based international system but worried, even with the shift to a multipolar world, that Africans were being left out. The G-20 has little African representation. In their view, the South-South solidarity is not likely to hold, India's demise as a leader of the South is only a matter of time, and China uses its status as a developing country as a cloak.

"Some of the BRICs use the South-South agenda to advance their South-North agenda."

South African Participant

For Africans, the UN remains the global institution with the only "legitimate credential." They perceive the proliferation of separate initiatives on development, food, and resources as confusing and leading to more uncertainty on the rules of the game.

A particular problem for Africa is a "lack of capacity in knowledge and ideas to drive politics." Technology is as important as governance, if not more so. As one of our interlocutors put it,

"Africa did not develop because of a lack of technology." Even the nonstate actors come mainly from the most powerful states. "Africa has never fit anywhere—it has always been the object of global trends," according to one participant. Some were wary of China because it is interested only in African resources. One said, "If you look at the BRIC countries, the common feature that unites them is resource nationalism, seeing Africa to be exploited for natural resources." Others, however, noted that China is quick to adjust its policies in response to African concerns.

UAE. For participants from the Persian Gulf region, the key question was what sort of global institutions are most capable of inclusive power sharing. One asked, "What is the new contract?" After World War II, Asia, Africa, the Middle East, and Latin America were not involved. The participants from the Gulf region thought it will be necessary to incorporate these regions if we are to avoid crises in the future. In their view, there is a need to share power to make decisions, but they stressed that "sharing is about respective priorities, not about exporting Western views."

Many interlocutors bemoaned the lack of strong regional organizations—labeling the Arab League and Gulf Cooperation Council as weak and not well-connected to international institutions. One said, "Too often when we talk about the future of the Gulf, we conclude that we are not real actors." A framework or institution is needed to bring together the "rights" of energy producers with those of consumers. Several felt let down by lack of support from the West on democratization. One said, "Now there is no interest in democratization in or outside the region."

In their view, an uneasy accommodation with Iran will have to be found. Most saw the region turning to "China and the East" as that region becomes a larger consumer of energy from the Persian Gulf. However, some noted that power is about "building consensus, being a model, creating a system." From this standpoint, China and other emerging actors will have a long way to go to match the influence of traditional powers. As to the future of the UN, more attention needs to be paid to the reasons why it is not working, including the fact that powerful actors have sought alternative ways to pursue their interests.

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Annex B: The Prospects for Regionalism

Regionalism takes many different shapes across the world, as reflected in the debates we held at our seminars overseas.

East Asia

A new phase of East Asian regionalism may be dawning. Both regional heavyweights—China and Japan—and the member states of ASEAN favor regional cooperation as the framework within which to resolve disputes and manage interdependence. ASEAN has developed over decades a distinctive style of regional cooperation based on a low level of institutionalization, a non-intrusive agenda, informality, permanent consultation, and aversion to conflict.

The so-called "ASEAN way" has not been very effective in delivering concrete solutions to the economic and security concerns of member states at times of crisis. In both fields, ASEAN countries have rather developed a range of bilateral relations between themselves and with external actors such as the United States, China, and Japan. However, because of its non-binding character, this cooperative framework has provided a useful platform to involve regional powers in permanent consultation and ad hoc cooperation, on the basis of shared principles.

From an economic and political standpoint, China's centrality to the region will grow. Whether China will be embedded in a sphere of cooperative security and shared prosperity or will seek to steamroll its way through the neighborhood will have far-reaching implications for global stability. In the last few years, China has shown its willingness to engage with neighboring countries on some issues not only at the bilateral level but also through multilateral regional structures. For example, it has signed the Treaty of Amity and Cooperation and it has set up the Shanghai Cooperation Organization together with Russia and Central Asian countries to tackle shared security threats.

By engaging in regional cooperation, China pursues multiple objectives. First, Beijing extends its political influence in parallel with its growing economic clout in the region in a non-confrontational and therefore less contentious way. Second, China delimits the influence of the United States in East Asia by supporting regional structures which, unlike the inter-regional Asia-Pacific Economic Cooperation forum, only include Asian countries. Third, China sets economic and political competition with Japan on peaceful grounds, downplaying rivalry and benefiting from booming mutual trade and investment flows.

Areas of serious geopolitical tension persist, for example at the interface between China and India along common borders and throughout the region, and between China and Vietnam and other Southeast Asian countries over rights in the South China Sea. On the whole, however, China has sought to reassure the region on the implications of its momentous rise.

The ongoing shift in the East Asian balance of power has not escaped Japan. In what has been defined as a "paradigm shift," some Japanese interlocutors acknowledged the need to adjust to the new regional context and pursue a sort of "look West" policy, turning Japan's focus from its US ally in the Pacific to mainland Asia. The question is whether the bilateral alliance between

Japan and the US will prove compatible with deepening multilateral frameworks in East Asia, which may not include the United States.

Japan has supported a range of initiatives at bilateral and regional cooperation on economic and environmental issues, among others. It has also allocated a large share of its development assistance to the region. From a Japanese standpoint, ASEAN should remain the building block of a larger regional architecture and the annual East Asia Summit (EAS) should evolve into an East Asian Community. Like China, Japan regards regional cooperation as a multiplier of its political influence and as a way of diluting that of potential rivals. To this end, Japan supports more inclusive regional formats than those traditionally championed by China, involving India as well as Australia and New Zealand (the so-called ASEAN+6 that meets at the EAS).

Regionalism in East Asia presents multiple facets. Established multilateral frameworks such as ASEAN co-exist with a thick web of bilateral partnerships and ad hoc functional arrangements and diplomatic processes, including for example the Six-Party Talks on North Korea in the security domain. The national strategies of major regional actors intersect with cooperative initiatives and engender plans to set up new multilateral platforms such as the East Asia Community. Soft balancing within the region and vis-à-vis the US underpins many of these developments. In perspective, growing economic links among China, Japan, and ASEAN; turmoil in global trade and financial markets; as well as environmental interdependence suggest that regional cooperation may deepen and expand to new areas. Given current trends, the emergence of a "hub-and-spoke" system in East Asia, with China at its core, can be envisaged. Such a system would be managed through regional structures that would more likely perform a stabilizing and confidence-building function, grounded in shared basic principles, than a binding norm-setting role.

South America

Regionalism in South America shares some of these features, and developments ahead may follow a similar pattern to that envisaged for East Asia. Brazil accounts for about half of South America's territory and population and for two-thirds of its gross domestic product. In the last two decades, the gap between the economic performance of Brazil and that of most of its neighbors has been widening. Many wonder whether Brazil is going to be too big to remain focused on its region in one or two decades. So far, however, South America has been the number one priority of Brazilian foreign policy and it is likely to remain so for years to come. Most observers regard Brazil's regional leadership as a vital condition for it to achieve its goal of playing a major role on the global stage.

Contrasting trends indicate potential for either regional cooperation or fragmentation in South America. The region is diverse, with different states following disparate economic policies and political trajectories. Countries such as Chile, Peru, and Colombia have been pursuing economic liberalization and bilateral trade deals with the United States and, increasingly, China. The countries of the Bolivarian Alliance, led by Venezuela, have engaged in ideological competition not only against US influence in the region but also toward Brazil and others that are engaged in economic globalization. However, dependent as they are on the export of energy and other raw materials, their economic prospects are shaky. Brazil benefits from sound macro-economic and social policies, a large domestic market, a diversified industrial base and huge endowments with

natural resources. Countries such as Argentina, however, have been losing competitiveness and struggle to fit the changing global division of labor.

At the same time, South America is relatively stable; countries face common transnational threats such as drug trafficking and all would benefit from better transport and energy infrastructures to boost trade and investment and harness their natural resources. Brazil is the only country with the critical mass to build on these assets and address economic asymmetries and political fragmentation with a view to deepening regional cooperation. But whether Brazil will be willing and able to play such leading role, in ways that gain consensus in the region, remains an open question.

Important initiatives suggest that such an attempt is in the making. A new regional organization—UNASUR—was launched in 2008 with the goal of making it the main forum for political dialogue and cooperation in South America. Brazil hosted the Latin American and Caribbean Summit too, which excluded the United States and that Brazil regards as the harbinger of a future permanent organization. Brazil continues to support the Union of South American Nations (MERCOSUR), albeit for political more than economic reasons, and has backed the membership of Venezuela in this organization. Brazilian capital constitutes the backbone of investment in regional infrastructure, although the multilateral Initiative for the Integration of the Regional Infrastructure of South America (IIRSA) set up in 2000, has achieved less than expected.

The economic and financial crisis has severely hit the credibility of international financial markets and institutions and suggested to Brazil and its neighbors that stronger domestic markets and regional economic cooperation can help shield the region from future crises. However, serious political challenges lie ahead. These include low levels of mutual political trust and reluctance by Brazil and other countries in the region to constrain their national sovereignty by subscribing to common rules and binding engagements. As in East Asia, regionalism in South America has not spurred a deeper institutionalization of cooperation and remains exposed to unfolding political circumstances within and between countries.

Africa

Political and security crises all over the continent punctuate the laborious development of regionalism in Africa. Unlike in East Asia and South America, no African country has sufficient influence and resources to steer regional cooperation at the continental level. South Africa has been playing a key role by its involvement in the creation of the New Partnership for Africa's Development, in the shift from the Organisation of African Unity to the African Union (AU) in 2002, and in the establishment of the African Peace and Security Architecture (APSA). However, Africa is too big and diverse for a single regional leader to emerge. Instead, African experts argued that the future of the continent and of its governance will depend on the domestic evolution and foreign policy priorities of a range of key countries such as South Africa, Nigeria, Egypt, the Democratic Republic of Congo, and Ethiopia, among others. Some of these countries also play a pivotal role in the context of sub-regional organizations such as the Economic Community of West African States in West Africa, the South African Development Community in the South, and the East African Community to the East of the continent. The interplay

between these organizations and the AU is critical to support effective regional solutions to common problems.

The presence of strong and assertive states next to many fragile or failing ones, all of them attached to the principles of sovereignty and non-interference in their respective domestic affairs, poses a major challenge to the future of regionalism in Africa and, more particularly, to the implementation of the principle of the "responsibility to protect" enshrined in the constitutive act of the AU. Poor governance in many countries in the region fuels a vicious spiral of poverty and instability that generates a growing demand for crisis management and peace-building. Today, around 70 percent of UN peacekeeping troops are deployed in Africa. Efforts at regional cooperation since the establishment of the AU have consequently focused on security issues.

The APSA was launched in 2004 with the aim of providing African answers to regional challenges and threats. Relevant institutional structures have been set up at the AU headquarters in Addis Ababa and the AU has undertaken some small-scale crisis management operations, for example the African Union Mission in Sudan and the African Union Mission in Somalia. The constitution of five stand-by contingents at the sub-regional level, available for rapid deployment, is also under way. Although some progress has been achieved, major obstacles lie ahead.

African institutions do not have the resources and expertise to take responsibility for crisis response and for peace-building activities. Planning and command structures are weak while AU operations heavily depend on external support for funding and logistics. Capacity-building will be a core priority for years to come and will require a strong partnership between African actors and external donors, with the EU and its Member States likely to remain at the forefront of this effort.

At the political level, preventive diplomacy and mediation among national leaders in regional forums can be decisive to managing crises within or between countries. With local opposition to the interference by external actors in African affairs on the rise, regional diplomacy may grow in relevance. However, such processes and frameworks rarely address the root causes of instability because doing so might entail questioning domestic political regimes, which African leaders are not inclined to do. The complicated interplay between the AU and sub-regional organizations, and between the latter, poses another obstacle to effective regional cooperation.

Prospects for regionalism in Africa depend on a combination of factors. The leadership of major regional players such as South Africa will remain essential, if probably insufficient as such in the absence of a concerted effort. Crisis management and peace-building activities would greatly benefit from deeper cooperation among the AU, sub-regional organizations, and the UN. From this standpoint, regionalism in Africa is likely to complement rather than replace global governance tools and resources. The engagement of African nonstate actors in transnational cooperative frameworks would contribute to the effectiveness of such frameworks on such issues as climate change.

Long described as marginalized in the context of economic globalization, Africa is today central to the competition for resources and markets (and even for land) among major global players. Many African leaders and observers claim that Africa should be proactive in shaping old and

new partnerships, as opposed to being the object of foreign interests. Such renewed centrality could encourage coordination and cooperation at the regional level in dealing with external partners. However, it could also contain the seeds of more fragmentation, with different countries reaping the benefits of bilateral deals outside regional arrangements.

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Annex C: The Arctic: Challenge or Opportunity for Global Governance?

The potential opening of the Arctic as a result of climate change is a seminal event. A region that has generally been understood as being outside the current of global affairs is becoming central to them. Using the North Sea Route would cut shipping routes between East Asia and Europe by about 40 percent. In 2009 the US Geological Survey estimated that the Arctic region holds massive resources of oil and natural gas. Climate change and new technologies will create more opportunities for resource exploitation and economic activities, more risks for the environment, and greater potential for competition.

The Arctic can be regarded as a test case for global governance. The way in which the opening of the Arctic is managed will test the ability of states to resolve disputes over sovereignty and to enhance current frameworks of international law that apply to the sea and the seabed, as well as their determination to prevent a region from becoming over-militarized.

Dealing with the range of challenges presented by the opening of the Arctic requires appropriate governance mechanisms. Given the different interests at stake, and the nature of the challenges, however, these mechanisms are likely to be more fluid and more ad hoc than an all-encompassing treaty would be. A range of frameworks—many of which are essentially forums for discussion rather than formal governance mechanisms—already exists. These include the Arctic Council, the Barents Euro Arctic Council, and the Northern Dimension of the European Union in addition to a number of bilateral arrangements on areas of cross-border interest such as the longstanding fisheries arrangements between Norway and Russia.

The Arctic Council, which has the broadest membership, is perhaps the most effective and the obvious candidate as a governance mechanism for the Arctic. However, its agenda, which does not include security issues, is narrow, and it lacks a permanent independent secretariat and formal powers.

The members of the self-defined group of five Arctic coastal states (Canada, Denmark, Norway, Russia, and the United States) have preferred to keep discussions of Arctic sovereignty among themselves. As a general rule, bilateral agreements, in the Arctic as elsewhere, where interests are most closely aligned or at least most clearly understood, tend to produce the greatest degree of practical cooperation. Larger groupings provide greater legitimacy and may be the only format for dealing with more complex and interrelated issues but are harder to manage and less likely to produce practical cooperation.

Some of the challenges raised by the growing economic and political salience of the Arctic are in a sense traditional, relating to questions of sovereignty. But these are complicated in a number of ways.

The United Nations Convention on the Law of the Sea (UNCLOS), which the United States has not ratified, provides the legal basis on which a state may claim economic sovereignty over the sea and seabed. UNCLOS delimits and codifies the potential areas of dispute, but the findings of the Commission on the Limits of the Continental Shelf, its arbitration body, are not binding.

Ultimately, overlapping claims have to be resolved by states. There are a number of outstanding sovereignty disputes in the Arctic, as elsewhere in the world—many of which pre-date UNCLOS—and more could occur. The key question is whether states will be capable of resolving their disputes through negotiation and what conditions need to be in place to make that happen.

Rising economic interest in the Arctic could, of course, make some existing disputes more acute and increase the perceived strategic importance of such overlapping claims. But this is not necessarily the case. In 2010, Norway and Russia moved dramatically toward final resolution of a longstanding dispute over ownership of a large portion of the Barents Sea, which is believed to hold considerable hydrocarbon wealth. Without an agreement, it was highly unlikely that commercial activity would take place in that area, depriving both Norway and Russia of potential revenues.

As in all diplomatic engagement, states might miscalculate, either by over-reaching themselves or failing to signal their interests and intentions. This is exacerbated in a region such as the Arctic where asserting sovereignty may be as much about power as it is about presence, or a real ability to control. Very few states have the ability to adequately surveil or control their Arctic territory and seas. But many of the possible challenges facing the Arctic require effective policing. There are opportunities within existing institutions for greater cooperation, particularly within NATO, in terms of understanding what responsibilities are shared and which fall to each NATO-member; or between the United States and Canada over maritime domain awareness and possibly ice-breaking capacity.

The challenges raised by the potential opening of the Arctic concern not only Arctic states but non-Arctic states as well. China, in particular, is showing a growing interest in the region—as a shipping route both shorter and cheaper than existing shipping routes, but also possibly more secure than current routes. It will take decades before the Arctic is a major shipping channel, if ever, but getting the governance frameworks right (and the infrastructure in place) for such potential activity will be important. The environmental and possible human consequences of a shipping disaster need no elaboration, let alone the possible consequences of a political dispute over access.

The future good governance of the Arctic depends to a large degree on the will of states to act cooperatively externally as well as their ability to act responsibly domestically. Moreover, much of what happens in the Arctic—including how highly controversial questions of resource development play out—will happen *within* a single state. The question of whether US, Canadian, or Russian oil and gas resources are developed, for instance, will depend to differing degrees on price, accessibility, and domestic political decisionmaking.

Moving toward more common alignments of incentives and perceptions between states will be key. These may take the shape of formal structures—such as a strengthened Arctic Council—or more informal data-sharing and network-building.

Annex D: Are Global Governance Tools Sufficient for Fragile States?

Response to failing and failed states has been a major operational feature of the international conflict management system since the end of the Cold War. This system includes UN, bilateral, and regional mediation; UN, NATO, EU and other regional peacekeeping and peace enforcement, as well as that of coalitions of the willing; UN, NGO and bilateral humanitarian programs; and World Bank, bilateral, UN, and NGO financing for reconstruction programs. Since 1988, this system has been continuously deployed. At present, more than 40 countries have some form of international monitoring, peacekeeping, or enforcement presence within their borders.

The end of the Cold War created the political conditions for the UN Security Council to take a more active stance on internal conflicts but did not stop new civil wars from breaking out; several wars that ended just after the Cold War later relapsed. Mediation efforts fail roughly three-quarters of the time and peacekeeping efforts roughly half.

The net result of a change in political conditions and of the creation of the conflict management system is that from a peak in 1992, the number of civil wars in the world declined steadily to 2006, with major civil wars—those defined by more than 1,000 battle deaths—declining 80 percent in that period. Since 2006, however, there has been a slight uptick in the number of both interstate and internal wars.

Looking ahead toward 2025, the risk of state failure will remain high. By the end of this period, the world's population is expected to reach eight billion, with the growth heavily concentrated in the towns and cities of poorer countries. A number of countries will experience high levels of demographic risk, as the proportion of young men in their population creates competition for scarce resources (jobs, land, water, etc.), in societies characterized by weak institutions and the destabilizing impact of rapid social change. State fragility seems certain to remain a pressing problem until the population of the poorest countries has stabilized.

Key Weaknesses

Our interlocutors worry that the international system for conflict management and response to failed states has several major weaknesses.

- ***Scale.*** Such successes as have been recorded by international conflict management mechanisms have been in countries that are small or modest in scale and/or population. Afghanistan's 28 million and Iraq's 30 million are among the most populous cases ever attempted. Were the current system confronted with state collapse in a country the size of Pakistan, Nigeria, Ethiopia, or Bangladesh, it would be overwhelmed.

- ***Speed.*** NATO can respond quite quickly to outbreaks of violence, but even NATO has discovered limits on its rapid response capacity in Afghanistan. The EU and regional

organizations such as ECOWAS can deploy small forces rapidly. The UN normally deploys very slowly indeed: the time between mandate and deployment is up to nine months.

- ***Regional Gaps.*** The bulk of international conflict management has been in Africa, Asia, and Europe. There is little in the toolkit of international systems designed to respond to the particular features and particular challenges of conflict and internal crisis in the broader Middle East. There are also important questions of legitimacy for international actors in the broader Middle East: US and Western actors face greater legitimacy constraints than others, meaning that precisely those elements of the international response system that are most capable (in terms of force and speed) are least welcome.

- ***Transnational Threats.*** Within conflict management systems, there are few, if any, effective tools for dealing with transboundary features of fragile states, such as transnational criminal networks or penetration by terrorist organizations. Existing systems for responding to organized crime are highly fragmented and designed to integrate with, and reinforce, developed or semi-developed ministry of interior/justice/police systems. International judicial, police, and transnational threat responses in fragile states are in their infancy.

- ***Prevention.*** Early political, financial, and security responses to the erosion of governance or manifest signs of state failure are episodic at best; cases of real prevention of major internal wars or state collapse processes are few and far between. They are not unheard of, however: arguably the international peacekeeping, political, and economic responses to Lebanon after the Israel-Hizballah war (see below) prevented full-blown collapse of the Lebanese state; recent preventive efforts by ECOWAS with UN support in Guinea halted a spiral of escalation; in Kenya, Kofi Annan led an integrated mediation effort that halted a spiral of escalating violence and established a transitional power-sharing government.

- ***The Institutional Challenge.*** Development agencies have had little demonstrable success in helping strengthen institutions in states that may be at risk of failure in the future, although fresh approaches have been tried in countries such as Nigeria, where a coalition of donors has placed governance at the heart of their joint strategy for countries. Many experts believe that conversely—and unfortunately—Western policy has often contributed to the hollowing out of institutions in fragile states, with Pakistan an example of a country where billion of dollars of support has often yielded counterproductive results. Development agencies are particularly ill-equipped to understand and respond to the powerful political incentives that lead elites to resist reform.

- ***Post-crisis Development and Risk.*** Similar problems bedevil post-conflict recovery. Most countries that have experienced internal conflict in the post-Cold War system remain stuck in a cycle of low growth/weak capacity. Statistically, they also exhibit a continued high risk of relapse. Financing systems for post-conflict recovery is slow, short term, and rigid in terms of how it interacts with fractious governments. The international community seldom has a coordinated political strategy.

Rising Powers and Fragile States

A critical determinant of future capacity to respond to the challenge of state fragility and failure will be the strategy pursued by rising powers as they play an increasingly global role and potentially see growing threats to their economic and security interests from state failure.[3] Three factors are of particular relevance in shaping the approach of rising powers to fragile states.

First, the perceived importance of a country has a paradoxical impact on the willingness of rising powers to engage with the international community in supporting it. For weak or failing states that are not of high strategic significance, rising powers currently seem largely aligned with broad international patterns of UN-led containment and reconstruction. Although they resist measures that have the effect of extending the scope and timing of international intervention, they vote (both in formal chambers, and with their feet) in support of UN peacekeeping operations—including operations with complex, multi-faceted mandates designed to promote democratic governance and market reform.

However, when it comes to strategically significant countries (most of which happen to be highly populous)—such as North Korea, Nigeria, and Pakistan—specific regional and geostrategic concerns dominate. In such cases, rising powers tend to cooperate to avoid total collapse (which would be detrimental to the interests of regional powers and emerging investors). However, they have divergent interests that preclude cooperation on political and economic reconstruction and undermine potential management efforts.

Second, geography matters. There is a fundamental difference in emerging power roles in fragile states in their immediate neighborhood and those further afield. In the former, they have—unsurprisingly—identified strong interests in being heavily involved in both the political management of fragility and recovery, and in being commercially engaged in the recovery. Practices differ widely. In Afghanistan, for example, India is providing large quantities of reconstruction aid linked to local governance reform, aiming to build support among key Afghan constituencies in the east of the country as part of its strategy for countering Pakistan's influence in Afghanistan. In the Pacific Rim, by contrast, China is using a combination of unfettered aid and commercial investment to take a major position in mineral and energy sectors. In Haiti, meanwhile, Brazil is leading international peacekeeping efforts, in a similar political and operational role to that played by South Africa in Burundi.

In more distant fragile states, rising powers are contributing to international conflict management systems, by providing peacekeepers, political support to UN and regional operations, and (to a lesser degree) aid and civilian support. They are also active investors, prepared to tolerate high levels of operational risk, and are increasingly forceful competitors for commercial and national

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[3] The *Managing Global Instability* Project—an initiative of the Brookings Institution, New York University's Center on International Cooperation, and Stanford University's Center for International Security and Cooperation—is conducting a series of case studies of Russian, Chinese, Indian, and South African approaches to fragile states. Some early findings have emerged from this work, which we have cited in the main text and this annex.

energy purposes. In Sudan, for example, 13 of the 15 largest companies are Chinese, with China now Africa's second largest trading partner (after the United States) and Brazil seeing its imports from Africa rise more than sixfold between 2000 and 2008.

The potential conflict between extractive commercial practices and more benign peacekeeping and reconstruction assistance is not, as yet, a major part of the policy debate within or among emerging powers. This reflects a lack of integrated government within the rising powers. There is limited contact between personnel involved in peace operations and those leading on trade and investment. Even commercial strategies are much less coherent than is commonly perceived. Investors are often from the private sector, even if funded by governments or sovereign wealth funds.

Third, there are deep-seated concerns within emerging powers about the consequences of the proactive management of state fragility. They are wary of the internationalization of conflicts in their neighborhood. Brazil has accepted the internationalization of Haiti but is wary of this trend being repeated elsewhere in Latin America. India accepted a UN role in Nepal but has ensured that this role is tightly constrained. Yet fears of internationalization are balanced by fears of the consequences of failure. China, for example, is worried by the consequences of an influx of refugees from North Korea. India remains conscious of potential links between Nepali and Indian Maoists (although evidence for these links is limited). Brazil is worried by the nexus of criminal interests and ungoverned spaces on its borders, especially in the Amazon.

Perhaps most importantly, rising powers tend to be highly sensitive to the adverse and unintended consequences of Western-led interventions in countries where they have a strategic interest. In part, this is rooted in their own histories (India's experience in Sri Lanka; China's in Vietnam), but to a greater extent, they are influenced by the failure of Western-led attempts to build stable states in countries such as Iraq and Afghanistan. The eventual verdict on these interventions (eventual success after significant changes of strategy vs. failure and withdrawal) will have far-reaching impacts on how proactive emerging powers will be when faced by future calls for intervention. They tend to be skeptical about their own capacity to engage in large-scale interventions and wary of the political costs of unilateral action.

Annex E: Migration in the Age of Uncertainty

International migration poses unique challenges to the global system. Movements of people across national borders have a profound economic impact on both source and destination countries, transforming societies over many generations. Migration is, by definition, a transnational phenomenon. It touches the lives of people more directly than any other facet of globalization, affecting not just those who move from a country, but those left behind in societies that risk losing skills at an unsustainable rate, and those who live in cultures that will be substantially reshaped by migration.

There is no guarantee that the international community will continue to manage current levels of migration, though the demand to migrate almost certainly will remain high. In the past, international cooperation on migration has generally been weak. Migration is a contentious issue, capable of arousing an intense political reaction that could lead to friction between ethnic groups. The right to regulate borders is regarded by governments as a key component of their national sovereignty. Countries with high rates of outward migration tend to have little international leverage to promote stronger standards of global governance.

At best, migration could help harmonize the different economic and demographic conditions that will be experienced by countries as the world moves toward its peak population. At worst, migration could be driven primarily by economic failure, not success; emerge as a destabilizing factor before or after conflict within and between nations; and even be placed into reverse, as the world again sees the abrupt and involuntary flows of people that were characteristic of some of the darkest times in the 20th century.

Current Migration Trends

The number of migrants has been accelerating over the latter half of the 20th century. According to UN figures, there were 214 million international migrants in 2010, a substantial increase from 50 years earlier, when there were just 75 million migrants. (These figures may be an underestimate because they do not account for "irregular migrants" who enter or remain in a country in breach of that country's laws.) Sixty percent of today's migrants live in developed countries, 40 percent in the developing world.

At a global level, the increase in the proportion of migrants in the world's population has been modest. Two and a half percent of the world's people were migrants in 1960. This fell slightly in the 1970s and 1980s, before climbing to 2.9 percent in 1990 and 2000, and reaching 3.1 percent in 2010.

The global picture, however, does not reveal important patterns, with some regions and countries experiencing a *sharp* increase in migration, both in absolute and relative terms. In 1960, migrants represented 3.5 percent of the population of developed countries, with gradual increases until the 1980s, at which point there was marked acceleration. Today, more than one in ten of those living in a developed country were born elsewhere.

Regionally, there are also significant disparities. Africa, Asia, and Latin America have all seen a falling proportion of migrants as they have experienced rapid population growth. Northern America and Oceania have seen both population growth and a substantial increase in relative numbers of migrants (from 6.4 percent in 1960 to 14.2 percent in 2010 for the former; and from 12.6 percent to 16.8 percent for the latter). Europe has seen its population increase only slightly, but has experienced a dramatic change in its relative share of migrants (2.3 percent of the population in 1960; 9.5 percent in 2010).

At the country level, patterns of migration are growing more diverse. According to some experts, the dichotomy between migrant-sending and migrant-receiving states is being eroded. Most countries experience both emigration and immigration while some countries have taken on an important role as transit zones for migrants.

Ten countries host over half of the world's migrants. One in five lives in the United States, with Canada also featuring in the top ten. Europe has four countries on the list, namely Germany, France, the United Kingdom, and Spain. Russia and Ukraine feature on the list, following the breakup of the Soviet Union, as well as Saudi Arabia and India, reflecting the growing importance of rising powers as receivers of migrants. China is an outlier. It is believed to host only around 600,000 migrants, but as it is one of only nine countries to provide no data on migration to the United Nations, this figure can only be regarded as a very rough estimate.

In recent years, some countries have experienced sizeable increases in their total number of immigrants. Nine have gained more than a million immigrants in just ten years, led by the United States, which has seen eight million additional migrants, mainly from Mexico. Spain (4.6 million) and Italy (2.3 million) have only recently emerged as significant receiving countries, with Spain seeing its migrant population increase by 26.4 percent *annually* over the last decade. Syria (1.3 million) and Jordan (1 million) have seen the influx of large numbers of refugees from Iraq. Pakistan's total migrant stock stayed steady over the decade, but it experienced a net increase of nearly a million *refugees* between 2005 and 2010.

The European Union represents an important case study, as a region that has allowed free movement of people since April 2004. Some 2.3 percent of Europeans currently live outside their country of origin.

The United States is the world's leading migrant-receiving country, with net migration averaging above one million per year in the period 2000-2010. The US Census Bureau's national projections illustrate the cumulative impact that these flows will have on US demography over the next 40 years, demonstrating the long-term influence of migration on receiving countries and the role played by second- and third-generation immigrants.

Even if no further migration occurred, the United States' Hispanic population would grow by 25 million by 2050, making up more than 20 percent of the population. Under one projection, the Hispanic population would exceed 20 percent of the total by 2025 and 30 percent by 2050, by which time it would have grown by over 80 million.

American Hispanics will play a crucial role in keeping the country young, a trend strengthened by fertility rates that are projected to stay above replacement levels (unlike any other racial or

ethnic group). Mexico, in contrast, will age rapidly, and is likely to be an older society than its neighbor sometime shortly after 2035.

Among middle income countries with the highest rates of emigration over the past decade, Mexico has seen two significant waves of migration, with net outward migration running at 5 percent of the population in both the 1980s and the 2000s. The Philippines is also noteworthy in that its government has pursued a deliberate policy of exporting labor, helping to create a "culture of migration" with around 10 percent of its population living overseas, more than half of whom are temporary workers.

Pakistan, meanwhile, shows rapid fluctuations in its net migration. It gained nearly 300,000 migrants a year in the 1980s but has seen an average of 265,000 people a year leave over the subsequent 20 years. Zimbabwe is another country that shows how rapidly migration outflows can accelerate. It gained migrants in the 1980s, but lost 4.3 percent of its population in the 1990s and a further 11.2 percent between 2000 and 2010.

Most of Zimbabwe's migrants have moved only short distances, to South Africa and other neighboring countries. This is a part of a pattern that sees refugees concentrated in poorer parts of the world, with 85 percent of the world's refugees in less developed countries. Refugee flows are a direct consequence of levels of conflict or other serious social breakdowns. A large upward trend in refugee numbers during the second half of the Cold War was followed by steady decline as international peacekeeping and mediation helped bring a large number of civil wars to an end. While the total number of refugees has fallen somewhat (and significantly so, relative to an increasing population), the burden on some countries remains considerable. Three countries/areas have more than a million refugees (Jordan, Occupied Palestinian Territory, and Syria), while in Chad, Iraq, Lebanon, Tanzania, and Zambia more than 50 percent of migrants have refugee status.

Migration is associated with considerable flows of remittances to countries of origin. In 2008, these were estimated at over $600 billion, of which three quarters went to developing countries. After many years of sustained increases, remittances are estimated to have fallen slightly in 2009 as a result of the economic crisis, though the fall has been eased by a "remittance flow boom" to East Asia and the Pacific. Remittances accounted for 5.8 percent of the GDP of lower income countries in 2008, with countries such as Tajikistan (49.6 percent), Moldova (31.4 percent) and Lebanon (25.1 percent) considerably above this level.

Conversely, the emigration of highly skilled individuals represents a potentially serious loss for poor countries. Experts argue that skilled migration offers even poor countries some gains when at a modest level, through remittances and other effects such as migrants returning with enhanced skills and the creation of business and trade networks. Some experts believe the optimal level of skilled worker emigration at 5-10 percent, with harmful effects increasing above a 15 percent threshold.

Experts' data show 60 percent of developing countries are above the 10 percent threshold. The LDC bloc (12.9 percent), Sub-Saharan Africa (12.9 percent), Central America (16.9 percent), and the Caribbean (42.8 percent) all show worrying levels of brain drain. Small countries are especially vulnerable, with small island developing states seeing 42.4 percent of skilled citizens

emigrate. Nine countries with a population over five million (Haiti, Ghana, Mozambique, Kenya, Laos, Uganda, Angola, Somalia, and El Salvador) experience levels of skilled migration that exceed 30 percent, with Haiti's brain drain running at an astonishing 83.6 percent.

Future Migration Trends

According to the OECD, "it is hard, if not impossible to forecast the scale and direction of future migration…World migration patterns in the next 20 years or so will be shaped by many different, powerful forces—economic, geopolitical, social, technological, and environmental—all of which carry within them significant levels of uncertainty." Predictions are further complicated by a lack of in-depth research and the poor quality of much of the available data.

- The motivation to migrate can be broken into two "push" factors: the desire to find opportunities overseas on the one hand and a response to risk at home on the other.

- The primary "pull" factor creating demand for migrants is the need for labor in receiving countries. Running counter to this are policy measures that inhibit the free movement of people across borders.

- Social networks, which link sending and receiving countries through connections between migrants and their countries origin, can help encourage and sustain migration.

- Economic, demographic, and political drivers have a transnational impact, creating a series of interlocking incentives for migration.

Economic drivers have a powerful impact on both origin and destination countries, with the migrant's quest for opportunity largely driven by wealth disparities. Migration is costly, especially for those traveling illegally, where average costs have been estimated as ranging from US$200 for migration within Africa to US$26,000 for migration from Asia to the Americas. Migrants face uncertainty about the rewards that await them, while their quality of life may suffer (separation from family and friends, relative poverty in their new country, vulnerability to discrimination, etc.). Expected benefits must therefore be sufficiently high for sustained migratory flows to occur from one country to another.

The experience of Southern European countries and Ireland during the 20th century suggests that a wage differential of 30-40 percent is needed to create a widespread incentive to emigrate.

Future Migration Challenges

Looking forward, the challenges of managing migration will continue to have a significant impact on prospects for international cooperation, but the exact nature of this influence is hard to predict. Within the constraints of this considerable uncertainty, the following conclusions can be drawn about the future evolution of migration and its likely impact on the global order:

Migration has a profound impact on economies and societies. In discussions of globalization, a great deal of attention is paid to the free movement of goods, services, and capital. In contrast, the free movement of people has often been neglected. Sudden movements of people may also

be a symptom of a breakdown in national, regional, or global order, as has been seen in a number of fragile states and, regionally, in Europe during the first half of the 20th century and on the Indian subcontinent after independence.

- Migration's significance has inhibited the policy attention paid to the issue. The peripheral role played by migration in the post-World War II settlement (barring the creation of new norms for managing refugees) is a reflection of the issue's controversial nature, rather than its lack of importance, and of the threat it poses to what many see as the central prerogatives of the nation state. Governments have taken a predominantly national approach to the issue, despite its essentially international nature, while national elites have adopted policies that often lack popular support, or are ineffective, or both. Trade, in contrast, has been seen as a "safer" area for international cooperation.

Demand for migration is unlikely to abate. Aging societies need labor, while low-income countries are unlikely to be able to offer jobs to their baby boomers as they seek jobs in growing numbers. Income disparities will remain high enough to maintain the attractiveness of migration for a significant section of the global population. Social networks will make it hard to limit migratory flows, with family, neighbors, and friends having strong incentives to follow existing migrants. Even an era of economic turbulence and resource shocks could lead to new migratory flows if it weakens vulnerable states, creates an upsurge in conflict, or simply entrenches global economic inequality.

- Migration will prove highly challenging to manage. Migration's impact is cumulative, as a given "stock" of migrants transforms a society across many generations. Countries without a tradition of migration (Spain, Italy), but which have seen substantial recent flows must respond to increased diversity. Even the United States will confront issues raised by running on two very different demographic tracks (though the potential rewards will be substantial if the United States can use its institutional strength to release a "demographic dividend" from ethnic groups with a youthful age profile). Migrants themselves will generally face higher levels of risk than native populations and will be especially vulnerable at times of economic underperformance and/or political turmoil. A significant, and possibly growing, proportion of migrants will continue to be "irregular," a status that increases vulnerability in states that have weak institutions and inadequate human rights provision.

Many key challenges will be in weaker states. Emerging markets will become significant targets for migration even as they face severe residual development challenges at home. Their economic power has the potential to outstrip their institutional strength, leading to potential problems as they become more diverse societies. Poorer countries, meanwhile, have little experience in effectively managing major outflows of migration (with exceptions such as the Philippines). Some countries already face an unsustainable loss of highly skilled workers; increased competition for talent could exacerbate this trend. Risk-avoiding migrants will tend to move only short distances, putting pressure on neighboring states that may also lack resilience and be destabilized by these flows. Governance systems for dealing with refugees may be stretched to the point of a breakdown.

The critical axis will be between migration and social cohesion. Can origin countries manage outwards flows to contain levels of youth unemployment and underemployment while retaining

sufficient skilled workers to build strong economies and societies? Or will migration be dominated by abrupt and chaotic movements, resulting from state failure, conflict, and a lack of resilience in the face of natural disasters, all of which are themselves exacerbated by brain drain? Will destination countries successfully integrate new arrivals, respond to the needs of second- and third-generation immigrants, and maintain popular support for diversity? Internationally, will migration regimes support the relatively free movement of people? Or will the primary focus be on sealing borders?

- Despite future demand for migration, the ongoing movement of people cannot be treated as a given. Even in the EU—the region that has the most liberal migration regime—a reversal is possible. The potential for political, or actual, conflict along ethnic faultlines will remain, with ethnic identities likely to strengthen should this prove to be a turbulent period for globalization. A next generation terrorist movement may make a sustained attempt to "break" multiethnic societies, while transnational migrant networks will link conflicts and facilitate criminal flows across borders. In the worst case, a breakdown in migration is possible.

Flows of forced migration are unlikely to be one way. Even if the period to 2025 is relatively peaceful, there are certain to be at least some refugee flows, while natural disasters will also continue to displace people over borders. The politicization of migration, however, also makes it highly likely that there will be at least some episodes of expulsion of migrant communities, with some countries following the model of Libya (which has expelled Egyptians, Tunisians, Palestinians, and citizens of various Sub-Saharan African nations at times of political tension). The rise of extremist political movements and campaigns of systematic persecution of migrant communities will have the potential to seriously destabilize regional and global cooperation and even to create demand for intervention from the international community. History suggests that the breakup of any large state will be a moment of particular danger.

Annex F: Threats from Biotechnology

Biological Governance

Currently, the international governance regime has the following primary components:

- ***The Biological and Toxin Weapons Convention* (1975).** Under the convention, states commit "never in any circumstances to develop, produce, stockpile or otherwise acquire or retain microbial or other biological agents, or toxins …." Twenty-three states have not signed the convention, while 16 have signed but not ratified it. Levels of monitoring and enforcement of compliance lie somewhere between weak and non-existent.

- ***The International Health Regulations (2005).*** The regulations aim "to prevent, protect against, control and provide a public health response to the international spread of disease in ways that are commensurate with, and restricted to, public health risks, and which avoid unnecessary interference with international traffic and trade." The regulations represent a significant intrusion on state sovereignty, with states obliged to develop minimum public health capabilities and to notify the World Health Organization (WHO) of public health events within their borders that meet agreed criteria. WHO is also empowered to investigate media and citizen reports of public health emergencies, while the current expert review of the response to pandemic flu provides some measure of independent external scrutiny.

- ***The Global Outbreak Alert Response Network (GOARN).*** GOARN is the "early warning system" for outbreaks. It requires national compliance, but the 2005 upgrade also gave WHO the ability to pre-emptively assess the quality of national mechanisms for compliance with GOARN reporting standards. The network, which brings together 140 institutions to support countries experiencing a public health emergency, provides an example of the kind of distributed systems that are likely to prove effective.

- ***General Assembly Resolution 100.*** Buried in an otherwise obscure General Assemby Resolution is the authority for the Secretary-General to investigate any suspicious event that could involve a biological weapon. The authority has been used sparingly.

Few observers, however, would argue that the system is fit for the challenges that the world will face in a "biological century." In developing countries, public health challenges will intensify with a billion additional people expected to live in towns and cities by 2025. Mobility will also increase, enabling diseases to spread further and faster, while making it more likely that a new disease will break out before it can be contained.

Meanwhile, the potential for dual use of biotechnology will make the task of regulating and controlling existing and new developments an exceptionally complex one. Governments will need unprecedented capacity to reach out beyond other governments, enabling them to work with a plethora of private actors, many of whom will not be amenable to traditional regulation.

Threats are perceived differently by different governments. The poorest countries are most concerned about the current impact of infectious diseases (though, in many cases, not concerned enough to implement simple and extremely cheap public health measures). Rich countries are worried about potential threats—new diseases or the hostile use of biological agents. Rising powers expect their future comparative advantage to lie in a sector in which there are relatively few entrenched incumbents, with India and China investing heavily in biotechnologies and Brazil in biofuels, and are likely to regard them as protectionist measures that restrain their freedom to operate. Countries with traditional views of their sovereignty will often be resistant to international cooperation (as China was, at least initially, over SARS).

There is as yet no forum for creating the consensus that is needed across the scientific community, industry, and governments on measures needed to diminish the risks posed by an increasingly broadly distributed biological capacity. The situation in public health is somewhat more encouraging. The WHO is clearly a more effective actor than it was before Gro Brundtland took over in 1998. Health has also received sustained attention from a new breed of foundations, in particular the Bill and Melinda Gates Foundation with its emphasis on funding innovation, and public-private partnerships, such the Global Alliance on Vaccines and Immunization.

Resources, finally, are not effectively aligned to threats. Researchers have found that "the majority of our scientific resources [are] focused on places from where the next important emerging pathogen is least likely to originate." Public health systems are weakest in the places they are most needed, while investment in health research is extremely poorly matched to the global burden of disease. Regulatory structures are most onerous for reputable organizations in the public sector in rich countries, while actors on the margins—who pose the greatest threat—are ungoverned. This is a pressing problem for biosecurity which is a "weakest link" public good—the whole is only as safe as the weakest individual effort.

Response mechanisms for a large-scale outbreak of a deadly infectious disease are not in place beyond the highly developed West. If a major outbreak were to occur in a middle income or lower middle income state, government response capabilities probably would be overwhelmed before they could contain the spread of affected people to international transport hubs. If a fragile state that hosted a large refugee population, for example, was to be affected by a naturally occurring, accidental, or deliberate release of a deadly toxin, its ability to control population flow to its neighbors and beyond would be nearly nonexistent. There are no international contingency plans for such an occurrence, nor are even the basic information systems in place to link WHO/GOARN reporting to potential response mechanisms like the UN Security Council or NATO. An effort to propose basic reporting functions from the WHO to the UNSC was rejected by the Chinese in 2005.

Similarly, although the authority exists for the UN Secretary-General to investigate suspected biological incidents, he has no standing capacity to do so. When called upon to investigate a biological event (as in Iraq), the UN has to organize the inspection capacity from scratch from labs and governments. Efforts to forge standing links between the Secretary-General's office and labs have foundered, producing little in the way of rapid response capacity.

Between now and 2025, experts expect:

- ***Levels of Risk to Increase.*** Existing biological agents such as anthrax and botulinum toxin already pose an extremely serious threat (Iraq was believed to have 8,000 liters of the former in the 1990s and 18,000 liters of the latter). The development of new agents will increase the threat, with the ability to reengineer existing life forms to have offensive capacity already a growing threat.

- ***The Risk to Become More Distributed.*** Rapidly falling costs will bring biotechnology within reach of a hacker community, while a growing number of reputable laboratories will "leak" expertise and, potentially, materials.

- ***The Risk of a Counterproductive Reaction to a Biological Strike is High.*** A biological attack has a psychological impact that outstrips its lethality, placing democratic governments under severe pressure to respond forcefully. The use of bioweapons is also easy to conceal, potentially making rapid attribution of responsibility impossible, while repeat attacks are likely as a bio-capable attacker probably would possess a substantial stockpile. It is easy to imagine a state responding in a way that fails to meet long-term strategic goals, while a counterstrike against the wrong target is a real (and disastrous) possibility.

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